UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

JOHN BAXTER, Individually and on Behalf of All Others Similarly Situated, Plaintiff, vs. MONGODB, INC., DEV C. ITTYCHERIA, MICHAEL LAWRENCE GORDON, and SRDJAN (SERGE) TANJGA, Defendants.	Civil Action No. 1:24-cv-05191-GHW <u>CLASS ACTION</u> **AMENDED COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS** <u>DEMAND FOR JURY TRIAL</u>

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Lead Plaintiffs Heavy & General Laborers' Locals 472 & 172 Pension & Annuity Funds and Local 272 Labor-Management Pension Fund (collectively, "Plaintiffs") individually and on behalf of themselves and all others similarly situated, allege the following based upon personal knowledge as to Plaintiffs' own acts and upon information and belief as to all other matters based on the investigation conducted by and through Plaintiffs' attorneys. This investigation included, among other things: review and analysis of U.S. Securities and Exchange Commission ("SEC") filings by MongoDB, Inc. ("MongoDB" or the "Company"); Company press releases and earnings call transcripts; public information regarding MongoDB, including interviews with Company employees; and analyst and media reports about the Company and the industry. Plaintiffs believe that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

I. NATURE OF THE ACTION

1. This is a federal securities fraud class action brought on behalf of purchasers of MongoDB securities between June 1, 2023 and May 30, 2024, inclusive (the "Class Period"), seeking to pursue remedies under §§10(b) and 20(a) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§78j(b) and 78t(a), and SEC Rule 10b-5, 17 C.F.R. §240.10b-5, promulgated thereunder against MongoDB and several of its senior executives, including President and Chief Executive Officer ("CEO") Dev C. Ittycheria ("Ittycheria"), Chief Operating Officer ("COO") and Chief Financial Officer ("CFO") Michael Lawrence Gordon ("Gordon"), and Senior Vice President ("SVP") of Finance Srdjan (Serge) Tanjga ("Tanjga") (collectively, "Defendants").

2. This case arises out of Defendants' misrepresentations and omissions about the growth of MongoDB's workloads that resulted from a significant change to its "go-to-market" sales strategy in 2023. MongoDB is a New York-based global software company that sells document database platforms and related services. The Company's principal focus is the acquisition of new

"workloads" – *i.e.*, specific internet and mobile software applications that new and existing customers across a wide spectrum of industries deploy on MongoDB's data platform. Acquiring new workloads is the Company's self-proclaimed "North Star" and the "biggest driver of [] long-term growth." MongoDB recognizes revenue for its signature cloud-based database product, Atlas, primarily based on customer "consumption" of its platform, which is closely related to end-users' activity of their applications.

3. The Company has experienced enormous growth since its Initial Public Offering ("IPO") in 2017 – the first by a database company in over 20 years – with its stock climbing more than 1,100% by mid-2023, including at annual growth rates of up to nearly 60%. By the end of the Class Period, Atlas represented 70% of MongoDB's revenue, and the Company had captured a 2.4% share of the massive $93 billion data management software market. Since defendant Ittycheria joined as CEO in 2014, MongoDB's revenues have grown 50-fold, to nearly $2 billion. With its impressive historical growth record, and as the leading NoSQL (*i.e.*, non-relational or unstructured) database provider favored by software developers, market observers placed enormous significance on MongoDB's growth trajectory in evaluating the investment prospects for the Company.

4. In 2022, in the midst of an economic lull affecting the software industry, Defendants observed a slowdown in customers' application usage on MongoDB's platform. At the time, Defendants were engaged in an effort to reduce what they described as "friction" in the process of acquiring new workloads. This entailed de-emphasizing upfront commitments – which require customers to commit to a certain amount of Atlas usage for a period of time, typically a year – and instead focusing on acquiring a large volume of new customers quickly through a pay-as-you-go, or consumption-based payment structure in which customers pay in arrears only for what they use (or

consume). In the first quarter of fiscal year 2024, beginning February 1, 2023,[1] in an attempt to maintain MongoDB's rapid upward growth trajectory, Defendants accelerated these initiatives by implementing a new go-to-market strategy that included ***completely*** removing sales incentives for obtaining one-year commitments from customers.

5. The problem with Defendants' short-sighted go-to-market sales maneuver was that MongoDB's sales representatives gathered a "dramatically" reduced amount of information in the contract negotiation process about customers' prospective consumption. Defendants quickly learned that eliminating incentives for upfront commitments and, for example, compensating sales representatives based solely on the volume of new workloads or customers acquired, generated ***low-quality*** workloads that consumed less (or not at all) and did not grow at historical rates. In other words, MongoDB's newly adopted sales tactics created the illusion of sustainable growth by boosting the number of customer and workload acquisitions in the short-term that had little to no long-term growth potential.

6. As Defendants saw slowing or stagnant consumption growth from these workloads, including many from new customers, they recognized that the workloads would not contribute to MongoDB's long-term revenue growth as they had in the past. Defendants ***knew*** the workloads acquired in FY 2024 were not consuming at predicted levels, as they prided themselves on MongoDB's scrupulous monitoring of customer usage patterns and workload growth based on "real-time data." To that end, Defendants painstakingly tracked and analyzed, *inter alia*: (1) the growth trajectory of both new and existing workloads, including consumption data and growth; (2) consumption trends; (3) customers' underlying usage of MongoDB's platform; (4) sales

[1] MongoDB's fiscal year ("FY") begins on February 1 of the prior calendar year and ends on January 31 of the current calendar year. For example, MongoDB's FY 2025 runs from February 1, 2024 to January 31, 2025.

productivity; and (5) the effectiveness of the Company's go-to-market sales strategies. Indeed, Defendants exhibited extensive knowledge of MongoDB's go-to-market efforts and admitted that they possessed data that allowed them to monitor and assess workload and customer growth.

7. For example, MongoDB's SVP of Finance, defendant Tanjga, underscored that Defendants "have access to a ***tremendous amount of data***" that they use along with "usage patterns to judge [] customers' potential." Defendant Gordon, the Company's COO and CFO, likewise acknowledged that Defendants possessed rolling "***incremental data***" that allowed them to assess the progress of their go-to-market efforts, and revealed that Defendants "***continually review and analyze product usage signals to determine the growth potential of [MongoDB's] customers***." Moreover, Ittycheria was intimately involved in MongoDB's sales efforts. It was his practice to meet both ***weekly*** with the head of sales to discuss the quarterly forecasts, and quarterly, in-person, with Gordon, the head of sales, and other sales leaders to discuss progress during the quarter. In fact, by November 2023, MongoDB's head of sales suggested that many of the newly acquired FY 2024 workloads were "***low-quality***," and admitted that "a lot of reps" acquired new customers that "***never even actually consumed***" at all. She also stated that, by that time, Defendants had already implemented corrective adjustments to their sales incentives to stave off further growth stagnation – a tacit acknowledgement that the newly-implemented go-to-market strategy had failed well before November 2023.

8. But instead of acknowledging what they later admitted was a self-imposed sales execution "mistake" resulting in a torrent of low-growth workloads and operational delays in restructuring their sales planning for FY 2025, Defendants told investors during the Class Period that MongoDB was acquiring new customers and workloads at record pace and that those workloads were resulting in "***more efficient growth***" and positioning the Company for "***better***" long-term

growth. The Company also issued boilerplate risk disclosures which warned about the ***possibility*** of slowed customer consumption and, consequently, "less predictable" future revenue and forecasts, notwithstanding that Defendants knew that the growth of the newly acquired workloads was already slowing. Additionally, Defendants described MongoDB's new business environment as "robust" and highlighted the "healthy new business acquisition[s]" despite knowing that new customer workloads acquired in 2023 were growing at dismal rates. In fact, on March 7, 2024, over a year after Defendants rolled out MongoDB's go-to-market changes, Ittycheria told investors there was "stable usage growth ***across our portfolio of workloads***." At the same time, Gordon said that "stable consumption" provided Defendants with "***higher confidence***" in MongoDB's guidance. Likewise, Defendants praised the success of the revamped sale incentive plan and sales representatives' ability to acquire new workloads and downplayed the corresponding consumption fall-off that resulted from what Tanjga described as a "big change" to the sales organization in 2023.

9. As Defendants misled the market about the growth of FY 2024 workload acquisitions, market observers attributed MongoDB's success and growth prospects to its skilled management and the successful execution of the Company's go-to-market strategy. For instance, an analyst reported on December 5, 2023, that "[s]olid execution by management continues to drive the company's success in winning incremental workloads/customers," and that MongoDB's "***solid workload growth***" from new and existing Atlas customers largely led to the Company's earnings beat. Concomitantly, MongoDB's stock price soared, reaching a high of ***$500 per share*** on February 9, 2024. Analysts predicted the stock would climb even further given the Company's historically conservative guidance, track record of significantly beating market expectations, and "***sustained strength in new workloads***." At the same time, Ittycheria and Gordon capitalized on MongoDB's stock gains, reaping massive proceeds from offloading their Company stock at

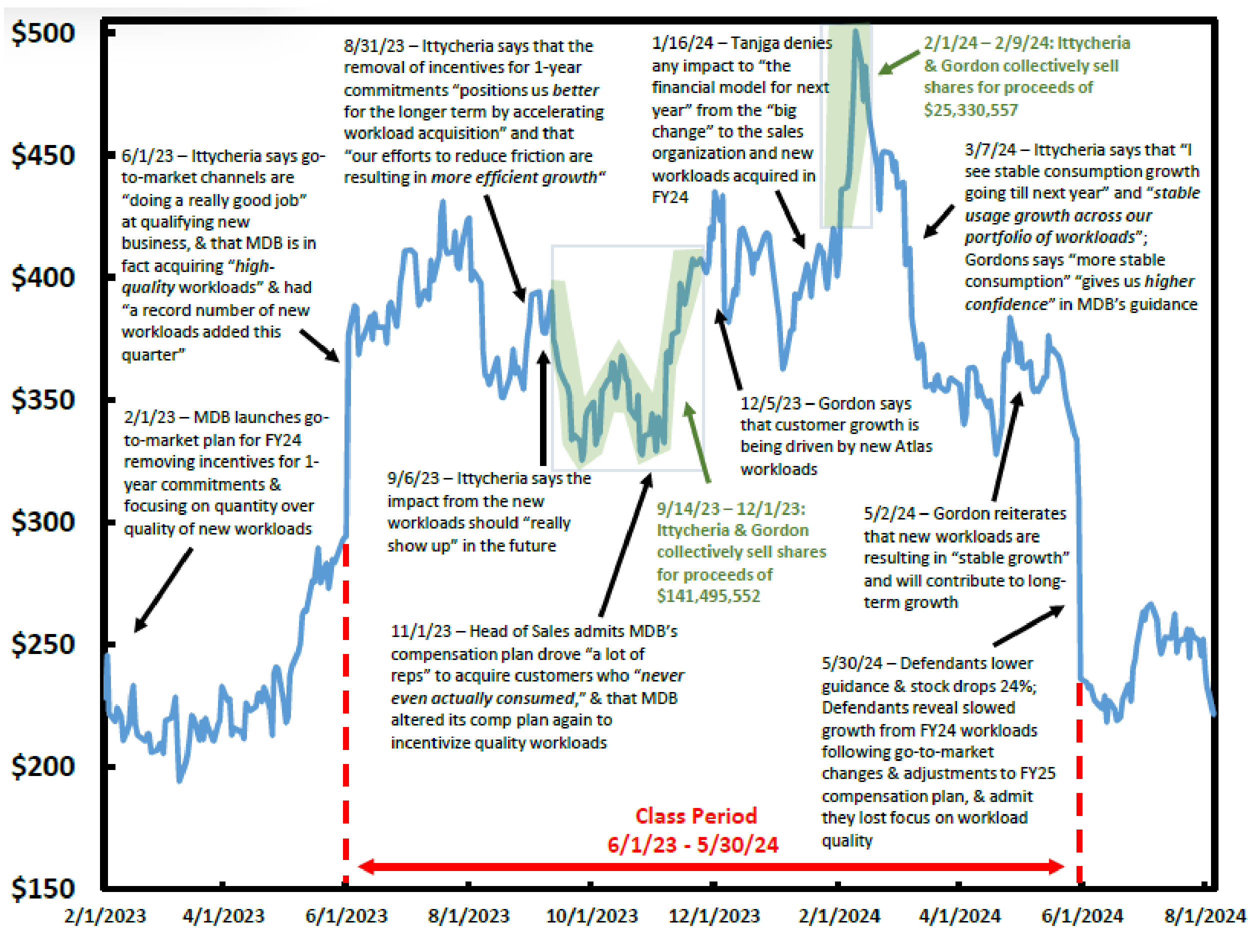
artificially inflated prices. They collectively sold over ***$230 million*** of stock during the Class Period while in possession of material non-public information about the slowed growth of MongoDB's newly acquired workloads, thereby profiting from their failure to disclose the truth to the market.

10. On May 30, 2024, Defendants finally acknowledged the "***self-inflicted damage***" from the Company's sixteen-month-old go-to-market overhaul when they announced results from the first quarter of FY 2025 and shocked investors by lowering MongoDB's revenue guidance. This downward revision was just months after issuing an "unrealistically conservative" forecast that cut FY 2024 growth in half. In issuing the lowered guidance, Defendants admitted that they "***lost some focus on workload growth potential***" and, as a result, the new workloads acquired in FY 2024 grew more slowly than expected. They also revealed that they had already rolled out course-correcting changes to their go-to-market strategy ***four months earlier*** to re-focus the sales force on "***higher-quality workloads*** that have higher growth potential," indicating that Defendants knew about the slowed workload growth long before then.

11. News of the lowered guidance and Defendants' justification for the slowed workload growth deeply troubled investors. In response to these revelations, the price of MongoDB's common stock declined dramatically from a closing market price of $310.00 per share on May 30, 2024, to $236.06 per share on May 31, 2024, a decline of ***nearly a quarter*** of MongoDB's market value (24%) in just one day. Analysts noted that Defendants' execution failures – slowed growth from new workloads acquired as part of their failed go-to-market strategy, along with operational delays from the corrective planning measures for FY 2025 – were largely to blame for the stock's sharp decline. For example, one analyst reported that "[t]hese ***self-inflicted dynamics*** combined with macro headwinds were definitively unexpected, and ***drove MDB's shares 25% lower*** in the after-market." Another noted that management's "mis-execution is ***out of character and demands***

attention.” Investors also recognized that MongoDB’s disappointing earnings announcement and downgraded guidance would impact the Company’s revenue generation for the balance of the fiscal year, stemming the Company’s sharp upward growth trajectory.

12. The stock chart below summarizes MongoDB’s stock performance as Defendants misled the market about new workload acquisitions and reaped massive proceeds from insider sales during the Class Period, and the subsequent precipitous decline as the truth became known to the market:



13. As a result of Defendants’ material misrepresentations and omissions during the Class Period, and the decline in the market value of the Company’s securities, Plaintiffs and other Class

members have suffered significant losses and damages. This lawsuit seeks to recover for those losses.

II. JURISDICTION AND VENUE

14. The claims asserted herein arise under §10(b) and §20(a) of the Exchange Act (15 U.S.C. §78j(b) and §78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. §240.10b-5).

15. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §1331 and §27 of the Exchange Act.

16. Venue is proper in this Judicial District pursuant to §27 of the Exchange Act, 15 U.S.C. §78a(a) and 28 U.S.C. §1391(b), as defendant MongoDB is headquartered in this District and a significant portion of its business, actions, and the alleged misstatements and omissions were made or omitted, and the subsequent damages, took place in this Judicial District. Moreover, pursuant to MongoDB's Q1 2025 Form 10-Q, filed on May 31, 2024, there were 73,350,695 shares of MongoDB's common stock outstanding as of May 29, 2024. MongoDB's common stock trades on the NASDAQ Stock Exchange. Accordingly, there are presumably hundreds, if not thousands, of investors in MongoDB's common stock located within the U.S., some of whom undoubtedly reside in this District.

17. In connection with the acts alleged in this complaint, MongoDB, directly or indirectly, used the instrumentalities of interstate commerce, including interstate wires, U.S. Postal Service mail, wireless spectrum, and the national securities exchange.

III. PARTIES

18. Plaintiffs Heavy & General Laborers' Locals 472 & 172 Pension & Annuity Funds and Local 272 Labor-Management Pension Fund were appointed as lead plaintiffs on November 12, 2024. ECF No. 54. As set forth in their earlier-filed certifications (ECF No. 36-2) and incorporated

herein by reference, Plaintiffs purchased significant amounts of MongoDB securities during the Class Period and have been damaged thereby.

19. Defendant MongoDB, Inc. is a New York corporation with its principle executive offices located at 1633 Broadway, 38th Floor, New York, NY 10019. MongoDB's common stock is traded on the NASDAQ securities exchange under the symbol MDB. According to MongoDB's Form 10-Q for the fiscal quarter ended April 30, 2024 (Q1 2024), the Company had 73,350,695 shares of common stock outstanding as of May 29, 2024.

20. Defendant Ittycheria has served as CEO, President and a member of the MongoDB board of directors since September 2014. Ittycheria serves as lead independent director of the board of Datadog and served as a Managing Director of OpenView Venture Partners, a venture capital firm. Ittycheria was formerly the CEO and co-founder of BladeLogic, which was acquired by BMC Software in 2008 for $900 million following an IPO the previous year. Under Ittycheria's leadership, BladeLogic was recognized as one of the fastest growing enterprise software companies at the time and BMC increased sales productivity by 50%, outperforming all relevant competition as measured by revenue growth and stock performance. Ittycheria certified the Company's Form 10-Qs and signed and certified the Form 10-K filed with the SEC, as discussed further below.

21. Defendant Gordon has served as MongoDB's COO since November 2018 and CFO since July 2015. Gordon sits on the board of UiPath, a public enterprise automation software company, and is a member of the CNBC Global CFO Council and the Tech: NYC Leadership Council. Prior to joining MongoDB, Gordon served as the CFO of Yodle, Inc., a local online marketing company. Gordon certified the Company's Form 10-Qs and signed and certified the Form 10-K filed with the SEC, as discussed further below. On December 9, 2024, MongoDB announced

that Gordon will be stepping down at the end of the Company's fiscal year on January 31, 2025, and will thereafter "serve as an advisor to ensure a smooth transition."

22. Defendant Tanjga joined MongoDB in May 2019 and has been the SVP of Finance at MongoDB since February 2021. Before that, Tanjga held the position of Vice President of Finance and Business Operations. On December 9, 2024, concurrently with the Company's announcement that Gordon would be resigning following the fiscal year, it announced that Tanjga will serve as interim CFO beginning February 1, 2025 if a permanent successor has not been named by that date. Previously, Tanjga served in managing director roles at the Carlyle Group and the Emerging Sovereign Group, as well as SVP at Harvard Management Company. He was also a Portfolio Manager at 40 North Industries, Associate at Ziff Brothers Investments, and Analyst at Morgan Stanley.

23. Ittycheria, Gordon, and Tanjga are sometimes referred to herein as the "Individual Defendants." The Individual Defendants, together with MongoDB, are referred to herein as the "Defendants." The Individual Defendants possessed the authority to control the contents of statements made by MongoDB in its reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers, and investors, *i.e.*, the market.

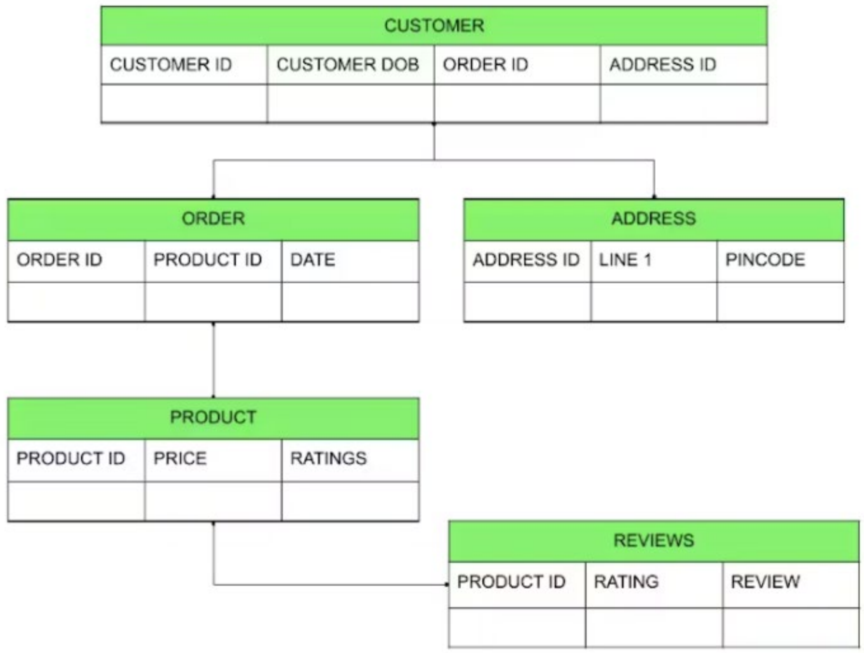
24. The Individual Defendants were provided with copies of MongoDB's reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Due to their positions with MongoDB and their access to the Company's material information that was unavailable to the public, the Individual Defendants knew that the adverse facts described herein were not disclosed to and were being concealed from investors. The Individual Defendants are liable for the false statements and omissions alleged herein.

IV. DEFENDANTS' IMPROPER, FRAUDULENT AND WRONGFUL COURSE OF BUSINESS

A. Corporate Overview and Background

25. The Company was founded in 2007 as 10Gen in New York City by Dwight Merriman, Eliot Horowitz, and Kevin Ryan, former executives of the online advertising company Doubleclick that was acquired by Google that same year. Merriman, Horowitz, and Ryan sought to create a more scalable and flexible solution for storing and managing data at high volume and velocity for developers. 10Gen launched the MongoDB (short for "humongous database") product in 2009 with the goal of creating a next-generation data platform that could process large volumes of unstructured data, easily scale, and be flexible enough to meet the demands of modern applications.

26. The global database market has historically been dominated by legacy relational databases first developed in the 1970s. A relational database, which can be thought of as an excel spreadsheet with rows and columns, organizes data into one or more data tables in which data can "relate" to each other in a structured fashion. Structured Query Language ("SQL"), developed by IBM, is used to communicate with relational databases in a relational database management system ("RDBMS"), and to manage data. It is particularly useful in handling structured data, *i.e.*, data incorporating relations among entities and variables. Below is an example of an e-commerce relational database used for storing customer, product, and order information.



Understanding SQL vs NoSQL Databases, MONGODB, https://www.mongodb.com/resources/basics/databases/nosql-explained/nosql-vs-sql (last visited Jan. 27, 2025).

27. There are several drawbacks to relational databases in the modern computing world. In a relational database environment, developers are often required to spend significant time fixing and maintaining the linkages between modern applications and the rigid database structures that are inherent in relational offerings. Additionally, relational databases were built before cloud computing and were not designed for "always-on" globally distributed deployments. These factors have left many developers and their organizations in need of more agile and effective database alternatives.

28. MongoDB took a new approach to database design to supplant the legacy MySQL structure with an easier way to work with data. In contrast with MySQL, one of the most commonly used open-source SQL RDBMSs that is considered more rigid with its architecture and less flexible for formatting data structures, MongoDB is a NoSQL database, which is founded upon documents as the unit of data for search and is used to save unstructured data. Unlike a relational database, a

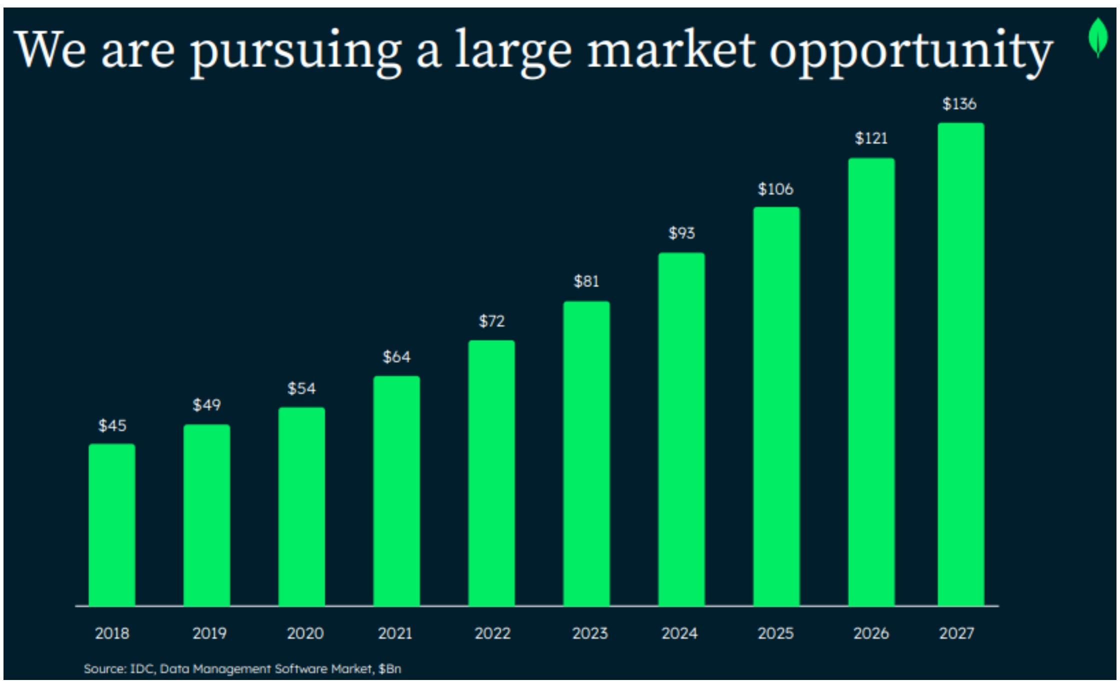
document database like MongoDB is akin to a Word file where developers can write in data however they want. Thus, MongoDB provides a more flexible environment for data, search, coding, integration and database development, and is optimal for content management systems (*i.e.*, software applications used to help create, store, manage, and modify digital content) and high-query sites such as analytics applications.

29. MongoDB quickly gained traction in the tech industry as a tool for developers to build applications. Given the success of the product, 10Gen renamed itself MongoDB in 2013. In 2014, defendant Ittycheria joined as President and CEO to grow the business. Defendant Gordon joined nine months later as CFO. When Ittycheria joined MongoDB, he had a notable track record of growing software companies. He was formerly the CEO and co-founder of BladeLogic, which was acquired by BMC Software in 2008 for $900 million following an IPO the previous year. Under Ittycheria's leadership, BladeLogic was recognized as one of the fastest growing enterprise software companies of the time, with its historical compound annual growth rate close to 100%. During Ittycheria's subsequent tenure as President of BMC, the company completely restructured its sales organization and methodology to increase sales productivity by 50% and outperformed all its competitors.

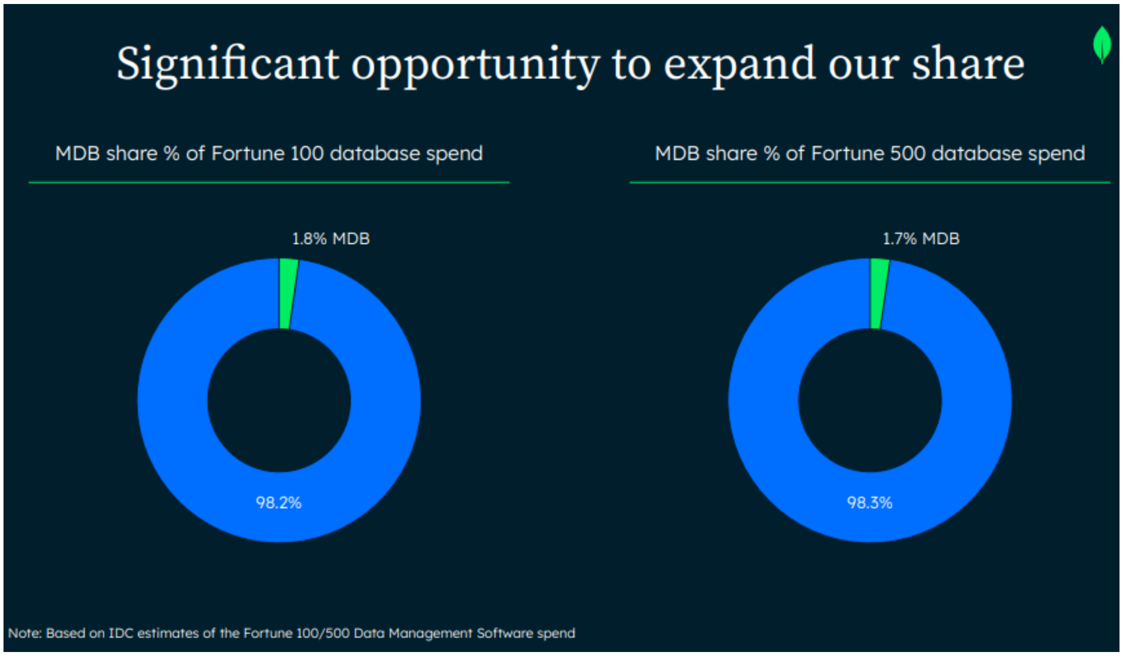
30. Ittycheria and Gordon led the Company through a period of significant growth, including the release of MongoDB Atlas in 2016 – the Company's cloud-based offering – acquisition of tens of thousands of customers, and rapid expansion of operations around the world. Atlas is the Company's fastest growing product offering, and now accounts for over 70% of revenue – up from just 11% in FY 2018. MongoDB's other major product is Enterprise Advanced ("EA"), a non-cloud, on-premises-based database platform.

B. The Market Values MongoDB Based on Its Growth Potential, Which Relies Heavily on Workload Acquisitions and Atlas Consumption

31. Ittycheria has described MongoDB as a "high growth company" in a big market.[2] MongoDB targets a large database market that is growing at a nearly 14% compound annual rate and projected to reach $136 billion by 2027, according to *International Data Corporation*. Gordon repeatedly noted the importance of MongoDB's market expansion potential as the Company's market share was still only approaching 2% at the beginning of the Class Period. Gordon presented the following slides at a June 22, 2023 Investor Session: Business Update ("2023 Investor Session"), which highlighted the Company's opportunity to further penetrate the market:



[2] Matt Turck, *In conversation with Dev Ittycheria, CEO, MongoDB* (May 4, 2021), https://mattturck.com/devittycheria/#:~:text=The%20community%20is%20really%E2%80%A6,what%20a%20remarkable%20success%20story.

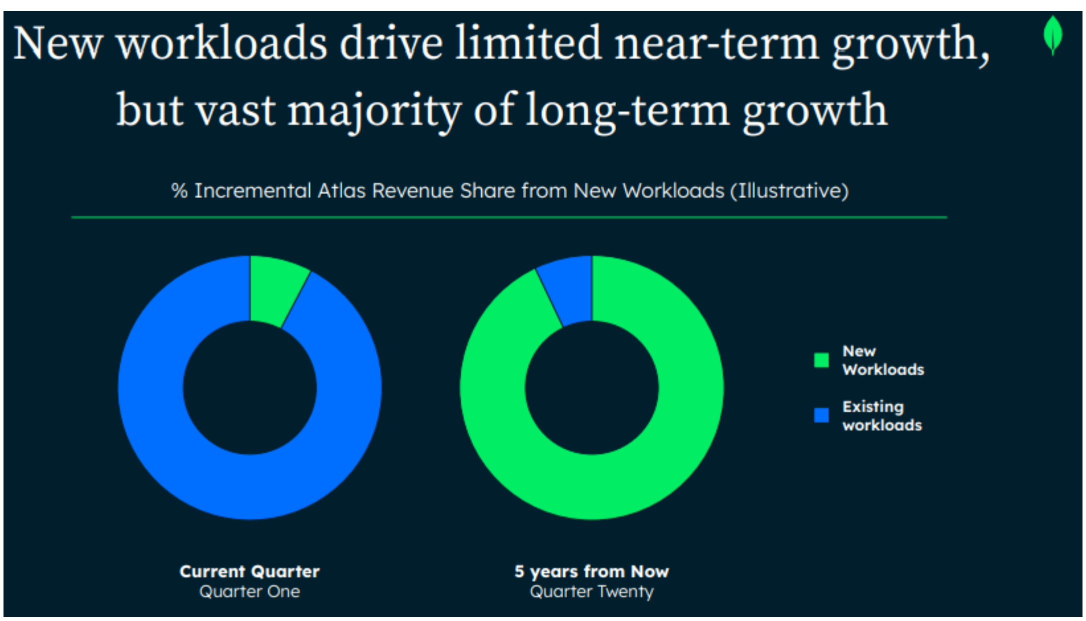


Investor Session: Business Update, MongoDB Local NYC 2023 Presentation, available at: https://investors.mongodb.com/static-files/090d8215-b0fa-4d74-ae26-d189c7dac830.

32. Although MongoDB has only a small share of the overall database market, the Company has a commanding share of the much smaller but faster growing NoSQL market segment. In fact, MongoDB is larger than the next 6 pure-play NoSQL database providers combined. Analysts, investors, and other market participants well-understood MongoDB's market positioning and growth prospects as key to driving value for investors.

33. The growth of MongoDB's signature product, Atlas, is driven by the Company's acquisition of new workloads, or customers' deployment of new applications on MongoDB's platform, which Defendants also consider the Company's "unit of competition." Ittycheria told investors repeatedly that management "remain[s] focused on our ***North Star***, which is acquiring new workloads, both from new [] customers and existing customers." During the 2023 Investor Session, Gordon said that the "***whole company is oriented around winning more workloads***," and that acquiring workloads is a "focus across the whole company." Ittycheria echoed the same sentiment

in an August 2023 earnings call: "[o]ver the last few years, ***we have oriented our entire company around winning more workloads***." As Gordon told investors, "[o]ver the long term, the ***most important thing*** is how many new workloads we win given that we're in a low single-digit share [of an] $80 plus billion market." The acquisition of new Atlas workloads are thus essential for MongoDB's long-term growth, as highlighted to investors by Gordon in his 2023 Investor Session presentation:



2023 Investor Session Presentation, *supra* ¶31.

34. In the natural course of MongoDB's sales cycle, existing workload consumption slows over time, and if the Company does not add any new workloads to its platform, consumption growth declines as the average workload ages. New workload acquisitions, with a high initial growth rate, are the engine of the Company's long-term growth, even if they contribute less to the Company's overall revenue initially. In particular, the Company historically focused on acquiring ***high-quality***, or growth-oriented, workloads to ensure that they continued to contribute to MongoDB's long-term growth at historical levels.

35. Analysts, investors, and other market observers recognize that new workload acquisitions are central to MongoDB's valuation and growth prospects. For example, in a December 6, 2023 analyst report, JMP incorporated Gordon's 2023 Investor Session slide in support of its assertion that "over the longer-term new workloads will drive the vast majority of long-term growth." Further, BofA Securities issued a report on February 22, 2024 maintaining a "Buy" rating for MongoDB when the stock was trading at $427 per share, suggesting a price objective of ***$555***. BofA explained that, "more importantly, we believe that MongoDB is on a path back to 40% growth, led by ***sustained strength in new workloads***."

C. MongoDB Delivers Outsized Growth for Investors

36. By May 2017, following Ittycheria and Gordon's onboarding a few years earlier, MongoDB's payroll had more than doubled to almost 800 employees and its customer count had increased five-fold since 2011 to 3,000. Capitalizing on this momentum, MongoDB raised $192 million in an IPO in October 2017, pricing its 8 million shares at $24 and listing its stock on the NASDAQ under the symbol "MDB." It was the first database company to go public in more than 20 years, and the Company's shares soared 30% to close at $32.07 on the first day of trading. MongoDB became the industry darling. According to a Stack Overflow survey of 64,000

developers, MongoDB was the database that most software developers said they wanted to work with. *CNBC* cited the Company's prospectus, noting: "[a]s more data moves to mobile phones and the cloud, the overall volume of data that companies need to track is growing."[3] As Ittycheria emphasized, MongoDB's value proposition was clear: "[e]very application needs a database — an application you run at home, at work or even on your mobile device . . . So if you think about the explosion of apps . . . this is truly one of the largest markets in enterprise software."[4]

37. Under the Individual Defendants' leadership, MongoDB scaled its operations from millions in revenue and hundreds of employees at the time of the IPO in 2017, to billions in revenue and thousands of employees at a rate far outpacing market growth. Even as the Company faced difficult macroeconomics in 2022, MongoDB continued to deliver impressive growth to investors. For example, for the third quarter of FY 2023, Atlas revenue was up ***61%*** year-over-year, while total revenue was up 47%. The Company emphasized that its customers were "running ***mission-critical*** apps in MongoDB Atlas," suggesting that MongoDB's growing popularity rendered it recession-proof and stating that the Company produced "tangible benefits for [MongoDB's] business, ***especially*** in periods of economic uncertainty." MongoDB's upward growth trajectory was all the more compelling given the concomitant decline of technology stocks by more than 30% in 2022.

38. By the end of FY 2023 (ending January 31, 2023), the Company increased its total customer count by almost 24% year-over-year, with direct sales customers growing at a rate of 29% overall. Between its IPO in October 2017 and mid-July 2023, the Company's stock price had increased from $30 a share to $400 per share at a 56% average annual rate. Around the same time, MongoDB generated $1.5 billion in annual recurring revenue ("ARR"), and was valued at a

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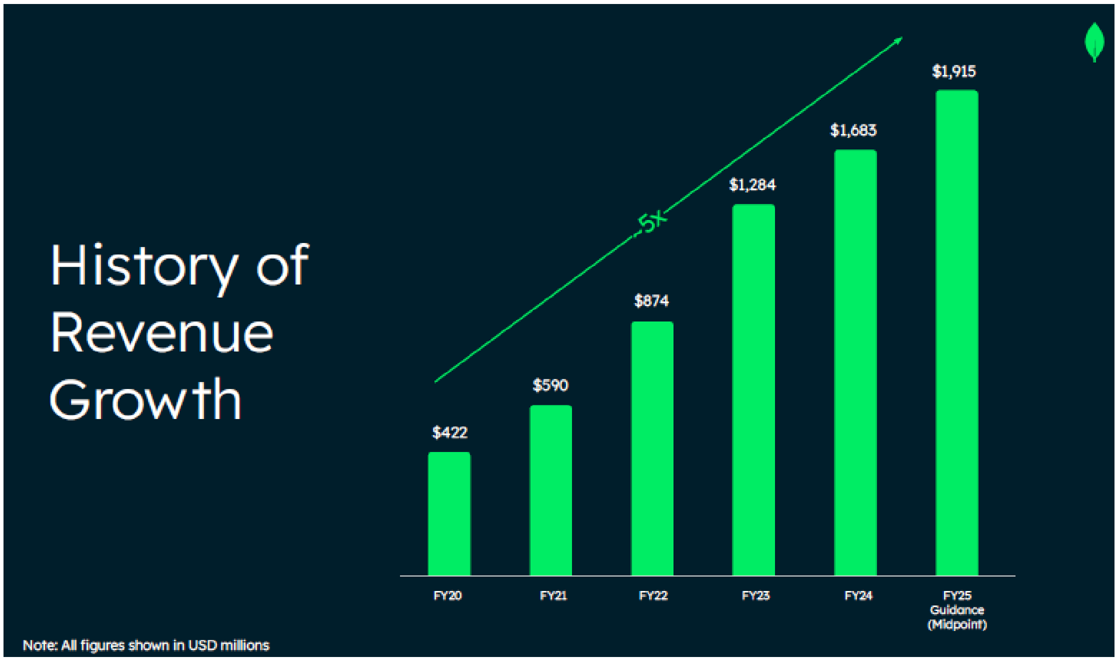
3 Anita Balakrishnan, *MongoDB shares jump more than 30 percent in $192 million IPO*, CNBC (Oct. 19, 2017), https://www.cnbc.com/2017/10/19/mongodb-mdb-ipo-stock-price-on-first-trading-day.html.

4 *Id.*

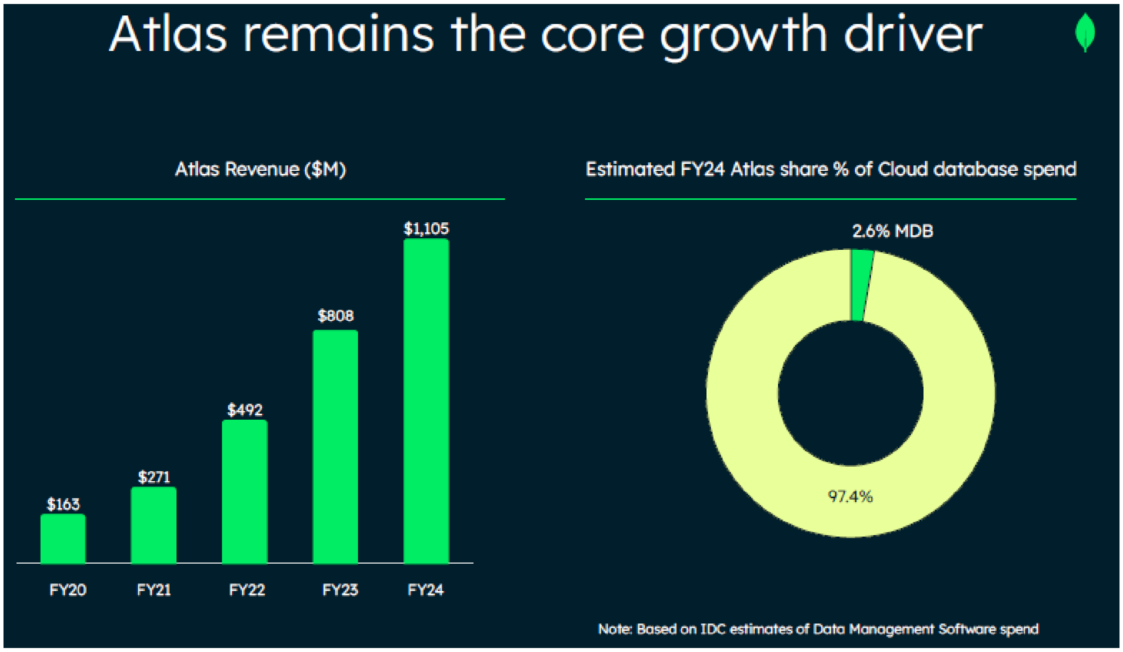
staggering ***$29 billion***. By February 9, 2024, MongoDB's stock price had rocketed over ***1,400%*** since the Company's first day of trading to reach over ***$500 per share***.

39. On May 2, 2024, about a month before the end of the Class Period, Gordon highlighted impressive historical revenue growth during the Investor Session: Business Update ("2024 Business Update"):



Investor Session: Business Update, MongoDB Local NYC 2024 Presentation, available at: https://investors.mongodb.com/static-files/8db6d7f3-71e0-4b0f-a621-519ef1808d11.

40. The Atlas segment, in turn, was the bedrock of the Company's revenue growth and outpaced MongoDB's overall growth for several years in a row. Atlas is thus MongoDB's "core growth driver," as reflected in the following 2024 Business Update slide:



Id.

41. Analysts praised the Company's management and admired MongoDB's performance. In December 2023, Oppenheimer said that "***[s]olid execution by management*** continues to drive the company's success in winning incremental workloads/customers, highlighting the mission-critical nature of MongoDB's platform." That same month, JMP issued a report maintaining its "market outperform" rating, noting the Company's "solid" guidance and remarking that "the company is well led by President & CEO Dev Ittycheria and COO & CFO Michael Gordon." Likewise, a March 2024 Guggenheim report noted that "[w]e continue to ***admire*** MongoDB, the only NoSQL database company that has achieved scale, and now profitability too."

D. MongoDB Transitions from Incentivizing Commitments to Consumption-Based Pricing

42. Historically, database companies like Oracle popularized selling software through a perpetual license, where customers own the software and sales representatives focused on large upfront deals that locked the customer in for a period of time. Software companies like Salesforce later popularized a subscription-based model referred to as SaaS (software-as-a-service) where

customers rented the software and would renew annually, which was considered a more customer-friendly approach. More recently, large software companies, referred to as "hyper-scalers," like Amazon Web Service, Microsoft Azure, and Google Cloud Platform, popularized an even more customer-friendly sales approach referred to as consumption-based pricing. In this model, customers pay for what they use and get billed in arrears for their consumption (or usage). In a consumption model, the "'closing' of a deal is really just the start of the journey," as MongoDB's head of sales, Meghan Gill, explained.[5]

43. At the beginning of the Class Period, MongoDB had four different go-to-market sales channels, including a: (1) self-serve channel, where developers can start paying for and using MongoDB on their own through the Company's website; (2) "high velocity" inside sales team, where sales representatives work with customers that have engaged with MongoDB, often through the self-serve channel; (3) globally-distributed enterprise channel, with representatives working with customers in the field; and (4) partner channel. When the Company originally launched Atlas, it used a traditional commitment-based go-to-market strategy where sales representatives were incentivized to sell a commitment for a certain dollar amount of Atlas. Over time, as the hyper-scalers conditioned customers to become accustomed to pay-as-you-go or consumption-based pricing, MongoDB began to deemphasize upfront commitments in favor of a consumption model.

44. Eventually, MongoDB launched elastic invoicing, which is the Company's version of a pay-as-you-go or consumption-based pricing model. But even with elastic invoicing, there was a bias for sales representatives to close traditional commitment deals because doing so could quickly

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[5] *Rethinking Sales Compensation for a Consumption-Based GTM with MongoDB*, SAASTR (Nov. 1, 2023), available at: https://www.youtube.com/watch?v=rzuhJhrcOTQ. Gill, who was friends with MongoDB founder and former chief technology officer Eliot Horowitz when they attended Brown University together, was hired by Horowitz in 2009 as the eighth employee at the Company. After serving as the Senior Director of Marketing for over seven years, Gill transitioned to heading the sales operations shortly before MongoDB's IPO. She currently holds the title of SVP Sales Operations & Sales Development.

retire their quotas. In order to level the playing field and make a consumption sale as attractive as a commitment sale, MongoDB began compensating its sales representatives for elastic invoicing deals based on the customer's "run rate" at the end of a quarter, which was in turn based on tracking the customer's actual consumption. Gill's sales team created what they called a "run rate opportunity" in Salesforce – a customer relationship management ("CRM") software tool used by MongoDB to track sales, consumption, and other customer-related information – that would "***update[] every day with the consumption***" and "close[] at the end of the quarter so that it can be ***tracking the consumption of that customer over time***."[6]

45. MongoDB's consumption-based pricing model was designed to reduce what they described as "friction" with customers and drive a higher velocity of workload acquisitions more quickly and without the burdens of negotiating a commitment with a customer. In fact, before FY 2024, MongoDB had not completely eliminated incentives for commitment-based deals because, in negotiating a contract for a new workload with a commitment, sales representatives, in tandem with sales engineers, gathered vast amounts of information from customers about the quality of the workloads, including projected usage in order to estimate the consumption and growth potential of the workload. As Ittycheria made clear, knowing "the size of that deal" is "incredibly important because you can't run your business if you can't forecast the business."[7]

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[6] *Building a Complex Go-To-Market Motion*, DRIFT (Oct. 15, 2021), available at: https://www.youtube.com/watch?v=0QuNy-3LgOE.

[7] Faith Storey, *Just Between Two CEOs: Dev Ittycheria of MongoDB and Jyoti Bansal of Harness.io and AppDynamics*, SAASTR (Jan. 16, 2019), https://www.saastr.com/fireside-chat-jyoti-bansal-dev-ittycheria/.

E. MongoDB's Go-To-Market Overhaul Results in the Acquisition of a Glut of Low-Quality, Slow-Growing Workloads

46. One of Ittycheria's sales "mantras" is that "[i]ncentives drive behavior, so start with the behavior you want to drive."[8] This means that MongoDB develops its compensation incentive plans to compensate sales representatives based on the results it wants them to achieve. Gordon echoed this sentiment at the September 7, 2023 Citi Global Technology Conference: "Amazingly, incentives drive behavior." At the start of FY 2024, Defendants sought to drive new sales representative behaviors and began to accelerate the removal of "friction" in the sales process. To accomplish this goal, they decided to boost workload volume by no longer compensating sales representatives for obtaining one year commitments from customers. As Ittycheria explained during MongoDB's August 31, 2023 earnings call:

> We are highly focused on reducing friction in the sales process so we can acquire more workloads quickly and cost effectively given the large size of our market opportunity. Historically, the most significant source of friction has been negotiating with customers to secure an upfront Atlas commitment since it can be hard for customers to forecast consumption growth for a new workload. Given our high retention rates and the underlying consumption growth, several years ago, we began reducing the importance of upfront commitments in our go-to-market process to accelerate workload acquisition. ***This year, we took additional steps in that direction***.
>
> For example, ***we no longer incentivize reps to sign customers to 1-year commitments***. Obviously, this has short-term impact on our cash flow, but positions us better for the longer term by accelerating workload acquisition. We are pleased with the impact these changes have had in the business in the first half of the year. Specifically, new workload acquisition has accelerated, especially within existing customers. We believe that our efforts to reduce friction are resulting in more efficient growth, and we'll always look for ways to improve our go-to-market approach to make it even easier for customers to bring new workloads onto our platform.

47. Gordon elaborated further on the go-to-market change on the August 2023 earnings call:

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8 *Rethinking Sales Compensation for a Consumption-Based GTM with MongoDB*, *supra* n.5.

> Finally, as Dev mentioned, we continue deemphasizing the value of upfront commitments. So we're seeing fewer of them. In other words, ***we are intentionally collecting less cash upfront in order to win more workloads more quickly***. As evidence of this, we grew Atlas revenue 38% year-over-year, while Atlas dollars committed upfront actually declined by 15% year-over-year.

48. During the Company's September 6-7, 2023 Goldman Sachs Communacopia + Technology Conference ("2023 GS Conference"), Ittycheria responded to a question about the go-to-market change for Atlas and confirmed the importance of the change and that the Company was "orienting our go-to-market organization to ***just*** acquire new workloads." He explained that "we ***stopped paying*** our salespeople [] even on 1-year commitments because our retention rates are very high." He also stressed the effectiveness of the new go-to-market strategy, stating that the "removal of that friction based on ***the change in comp plans has really helped us accelerate the acquisition of new workloads*** . . . And we're really pleased by the velocity of workloads that we're acquiring."

49. In addition to the change in the incentive structure, MongoDB restructured its sales teams at the beginning of FY 2024. It segmented its sales force between an acquisition team that focused solely on landing new deals and acquiring new customers, and a growth (or expansion) team that was responsible for growing the account. But the acquisition team – also referred to as the new "logo" (*i.e.*, a new customer who launches a workload as opposed to an additional workload from an existing customer) team – would initially be compensated based ***solely*** on the number of "units," or workloads, acquired. Thus, sales representatives on the acquisition/new logo team were compensated by receiving a "flat bounty" for every new logo they acquired. The enhanced emphasis on volume of new workload acquisitions, elimination of incentives for upfront commitments, and pure unit-based compensation for new logos allowed MongoDB to acquire more workloads faster. It also allowed MongoDB to maintain growth in new workloads and new customers in the short-term, the latter of which an analyst noted at the September 7, 2024 Citi Global Technology Conference

had "been hovering around record high levels for a number of quarters despite the challenging macro."

50. Gill – the head of MongoDB's sales operations – provided additional insight on the changed FY 2024 compensation plan in a SaaStr[9] workshop presentation on November 1, 2023 entitled "Rethinking Sales Compensation for a Consumption-Based GTM with MongoDB." In discussing the pros and cons of unit-based compensation, Gill explained that while this type of compensation is "dead simple" because it "really focuses the reps and it will drive a lot of velocity and activity," it runs the risk of driving "low-quality" workloads.[10] This, she revealed, is what happened at MongoDB after it implemented its go-to-market changes at the beginning of FY 2024:

> The con is that it's always harder to overachieve on a unit-based plan which is why it's potentially good to have a blend to mix the elements of ARR and something unit-based. And ***when you have a unit-based plan you always run into [laugh] the risk of driving a lot of low-quality stuff. So when we first introduced our new logo team, it was a pure unit-volume game, and they just had to sign a contract. And we had a lot of reps that were overachieving, landing [gesturing air quotes] "new logos" that had signed a contract but never even actually consumed***. So that's when we started introducing, like okay, [] now in order for you to get your, your unit-based payment, the customer has to consume at a certain level, um in order for you to get credit for that. And then later on we then introduced ARR. So now they get a mix of um, ARR and this unit-based metric in their comp plan.[11]

51. In other words, MongoDB's head of sales acknowledged that the Company's revamped compensation plan incentivized "a lot" of sales representatives to acquire new customers that "***never actually consumed***," a glaring admission that the new Atlas workload growth had ***already slowed*** and that the long-term growth that MongoDB historically experienced from new workloads would not replicate itself for this batch of new customer workloads. This tacit

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9 SaaStr is a community of business software professionals that offers a variety of resources such as events, podcasts, networking, and sharing insights on scaling businesses.

10 *Rethinking Sales Compensation for a Consumption-Based GTM with MongoDB*, *supra* n.5.

11 *Id*.

acknowledgement of the go-to-market failure in early fall of 2023 drove Defendants to implement further changes to MongoDB's sales compensation plans well before then, an atypical maneuver as MongoDB typically rolls out compensation plans ***annually***, at the beginning of each fiscal year. According to Gill, by November 2023, MongoDB had already course-corrected and implemented new incentives designed to rebalance workload quality and velocity – an undertaking that would have likely taken weeks, and more likely several months, to coordinate and launch.

52. Gill's revelations highlight what Defendants later acknowledged was the "natural consequence" of the Company's decision to jettison its incentives for upfront commitments and emphasize volume over quality – *i.e.*, reduced visibility for sales representatives into the growth prospects of newly-acquired workloads that drove a glut of low-quality, slow-growing workloads. As Gordon explained at the end of the Class Period in MongoDB's May 30, 2024 earnings call, Defendants "lost some focus on workload growth potential" as a result of their go-to-market changes for FY 2024. "An unintended consequence of reducing friction is you actually have ***less information*** about everything." During the call, a Needham & Company analyst asked how MongoDB was refining its focus on acquiring the "right" workloads because, as he observed, "you almost by default have ***less*** visibility into that customer because you have reduced the friction to adopt." In response, Gordon acknowledged the dramatic asymmetry in information attained when acquiring workloads in a "frictionless manner":

> I do think if you think about it this way, if you're going through the process of negotiating a commitment with a customer, you're going to get an enormous amount of information from that customer about the workload and about everything else. And so, ***when you're moving in a frictionless manner to get more workloads, you won't get all of that information***.
>
> It's still possible with intent and purpose and incentives to get some of that information. And ***getting that little bit of relevant information is dramatically different than getting a commitment***, right? And so, that's the balance that we're just, we're trying to strike and that we're continuing to iterate as we learn here.

53. Gordon further elaborated on the consequences of MongoDB's go-to-market changes during the June 4, 2024 Baird Global Consumer, Technology & Services Conference (the "Baird Technology Conference"), admitting that "in reducing the commitment emphasis," sales representatives "missed some specific data about the application[s]" and were "***over-rotated too much to volume***" rather than quality given the lack of communication flow and consequential dearth of information gathered during the negotiation process. Gordon added at the June 5, 2024 William Blair Growth Stock Conference (the "Blair Growth Conference") that "if I'm not looking for a commitment, I'm going to lose a ***whole bunch of information*** or not have access to a whole bunch of information, not gain a whole bunch of information that [the customer] is going to disclose to me as we're going back and forth and negotiating," resulting in a lack of "a representative portfolio of growth."

54. While Defendants knew about the direct link between the lack of information flow resulting from their FY 2024 go-to-market changes and the dramatic reduction in the quality of workload acquisitions, *see infra* §IV.F, only at the end of the Class Period, did they reveal that workloads acquired in FY 2024 were growing more slowly than expected. *See infra* §IV.I.

F. Defendants Tracked the Consumption of New Atlas Workloads and Effectiveness of MongoDB's Go-To-Market Strategies

55. During the Class Period, Ittycheria, Gordon, and Tanjga closely tracked workload-related consumption data in order to analyze the growth pattern of new Atlas workloads – the largest and most important source of the Company's revenue. Marrying "a great product with a great go-to-market engine," Ittycheria explained, can provide a "competitive advantage that really differentiates you from other companies in the industry."[12] Indeed, the entire Company was oriented around the

[12] *The 3-Time CEO That Turned MongoDB Around*, THE LOGAN BARTLETT SHOW (Oct. 20, 2023), available at: https://www.theloganbartlettshow.com/archive/ep-84-the-3-time-ceo-that-turned-mongodb-around.

acquisition of new workloads, which Ittycheria called MongoDB's "North Star." Ittycheria commented during MongoDB's June 1, 2023 earnings call that "[i]t's all about acquiring workloads, so our incentive mechanisms, ***management attention and focus is all about this North Star about acquiring new workloads***." Because new workload acquisitions are driven by the effectiveness of the Company's go-to-market efforts, the Individual Defendants tracked the performance of those strategies to ensure that the goals were being met.

56. As CEO of MongoDB for over a decade, Ittycheria in particular had extensive involvement in and knowledge of MongoDB's sales operations, including the compensation and incentive strategies for acquiring new workloads that were ultimately used in forecasting. MongoDB's head of sales confirmed in November 2023 that she discussed sales incentives with Ittycheria and the Company's Chief Revenue Officer ("CRO"), Cedric Pech. Indeed, in podcast interviews, sales forums, and investor conferences, Ittycheria exhibited deep conversance with the Company's sales organization and the details of the forecasting process.

57. When Ittycheria took over as CEO of MongoDB in 2014, he overhauled the business and the Company's go-to-market approach. He said that he "***started with fixing sales*** because MongoDB wasn't collecting and analyzing good feedback from its sales organization about what customers liked and didn't like."[13] He revamped MongoDB's C-suite and brought in a new Chief Marketing Officer ("CMO") and CRO, along with a CFO – defendant Gordon – in 2015, and "completely reset the plan with the board."[14] In an effort to "get [MongoDB's] go to market execution sound," "be able to forecast the business," "meet and exceed those forecasts," and "rebuild

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[13] Glenn Solomon, *Building An Enterprise Software Company: Tips For Founders From Dev Ittycheria, CEO Of MongoDB*, FORBES (Feb. 26, 2021), https://www.forbes.com/sites/glennsolomon/2021/02/25/building-an-enterprise-software-company-tips-for-founders-from-dev-ittycheria-ceo-of-mongodb/.

[14] *Id*.

how [MongoDB] prosecuted deals," Ittycheria laid off over a quarter of the Company's employees, including a large portion of the sales force, and slowly built it back up with his imprint.[15] Before the IPO, Ittycheria even closed deals himself and personally interviewed all of the Company's sales leaders and representatives. From the time Ittycheria assumed the role of CEO, he set himself apart as an "in-the-trenches" manager.[16]

58. Ittycheria spoke candidly about his in-depth of involvement in the sales operations at MongoDB before the IPO:

> ***Where I invest most of my time, with the sales leaders, we get together at least once a quarter, sometimes you know more frequently on calls***, but usually once a quarter, and talk through . . . what happened last quarter . . . and kind of do a triage of what was the good, the bad and the ugly of the quarter, what lessons did we learn . . . And then ***we talk a lot about the current quarter and how the deals roll up by salesperson*** in that leader's team . . . And then ***we talk about kind of a little bit long-term how the organization is set up for the rest of the year . . . Obviously our head of sales drives those meetings, but I'm there [and] our CFO's in there*** . . .[17]

In response to a question about how involved the CEO was in assessing the "core sales metrics" at MongoDB, Ittycheria explained that he met with his head of sales ***weekly*** to discuss forecasting and tracked various sales metrics, including productivity:

> Well honestly, ***the forecast is really important . . . In my weekly staff meeting, one of the first things on the agenda is our head of sales reviews the forecast for the current quarter*** and gives us [inaudible] after the first month to have some sense of visibility for the next quarter, so we want to have a little bit longer to review not just it's all about this quarter . . . In fact I think the most important – at the end of the day

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[15] *The 3-Time CEO That Turned MongoDB Around*, Oct. 20, 2023, *supra* n.12.

[16] Moreover, as the *Investor's Business Daily* reported on August 10, 2023, "[i]n staff meetings, [Ittycheria] likes to discuss problems. He welcomes people who raise thorny issues and encourages them to share their concerns. He models receptivity so they don't fear a shoot-the-messenger response. 'They leave the room feeling comfortable talking about problems, not successes,' he said. 'They know we don't kick the can down the road. That's our culture.'" Morey Stettner, *The MongoDB CEO Wants To Know Your Problems*, INVESTOR'S BUSINESS DAILY (Aug. 10, 2023), https://www.investors.com/news/management/leaders-and-success/mongodb-ceo-wants-to-know-your-problems/.

[17] *Sales from the CEO Perspective w/ Dev Ittycheria, CEO MongoDB*, ENTERPRISE SALES FORUM (July 8, 2016), available at: https://www.youtube.com/watch?v=keKillbrV7s.

> -- ***the most important, or the most salient metric for any organization . . . not just with sales but with the whole organization is sales productivity***. . . No matter what function you play in the company, whether you're in marketing, and finance, engineering, and support, whatever you do or don't do either helps or hurts sales productivity. So it's a metric to really galvanize the whole organization. So it's not really just a measure of the sales organization, it's a measure of the performance of the business.[18]

59. Ittycheria also stated that he tracked sales representatives' productivity "ramp times" and broad-based sales performance across the business (*i.e.*, what percentage of representatives were hitting their quotas). In a May 2021 interview, Ittycheria provided further insight into how he formulates forecasts: "***[w]e have now a lot of data in terms of productivity, our salesforce, what the ramp times are***, et cetera. So we think about how quickly we can ***grow*** our top line relative to our productivity and how fast we can hire. That kind of drives our top line forecast."[19] During an October 2023 interview, Ittycheria reaffirmed his practice of "attending ***quarterly review sessions*** and QBRs or reviews to attend ***sales forecast reviews***" during the Class Period.[20]

60. The Individual Defendants discussed the importance of tracking real-time consumption in the context of MongoDB's transition from incentivizing upfront commitments to rewarding workload volume. In fact, Gordon even reported the strength of "week-over-week" consumption rates to investors on earnings calls. In a May 14, 2024 podcast interview, Ittycheria explained that in a "consumption business, you recognize revenue by usage," and MongoDB's "consumption business gives you a ***real time view of demand***."[21] According to Ittycheria, this visibility allowed Defendants to deploy resources to service workloads by "engaging with the

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[18] *Id.*

[19] Turck, *In conversation with Dev Ittycheria, CEO, MongoDB*, *supra* n.2.

[20] Invest Like the Best with Patrick O'Shaughnessy, *Dev Ittycheria - The Database Evolution*, DEEPCAST (May 14, 2024), https://deepcast.fm/episode/dev-ittycheria-the-database-evolution-invest-like-the-best-ep373.

[21] *Id.*

customers almost on a daily, worst case weekly, basis to understand what's going on." Ittycheria maintained that MongoDB doesn't "just focus on acquiring" new workloads, but also ensures "that those workloads ***grow*** well."

61. Defendants Gordon and Tanjga also exhibited deep familiarity with MongoDB's go-to-market efforts, consumption data, and workload growth. In that vein, during MongoDB's earnings call on August 31, 2023, Gordon represented that:

> ***[W]e continually review and analyze product usage signals to determine the growth potential of our customers***. Because we are focused on velocity and efficiency of new workload acquisition, we're very careful not to deploy our reps on accounts where we don't see significant incremental benefit from sales rep coverage.

62. Likewise, at a September 7, 2023, Citi Global Technology Conference, Tanjga confirmed that consumption data provided Defendants with the ability to confidently forecast workload growth, stating "***we have access to a tremendous amount of data***, and we try to become more intelligent over time as ***we use that data and usage patterns to judge our customers' potential***. And so -- and it's an ongoing process, but what we've particularly become ***more comfortable*** over time is our ability to call when we see that there's incremental workload potential in the account." Tanjga added that "***real-time data*** is helpful because we can revisit [] decisions as we go along." At the January 16, 2024 Needham Growth Conference, Tanjga discussed how Defendants "saw in the data" before the Class Period that workload commitments "introduce[d] unnecessary friction to our sales process," which was the impetus for the Company's go-to-market restructuring of its incentive compensation plan in FY 2024.

63. After the Class Period, during the Blair Growth Conference on June 5, 2024, Gordon addressed MongoDB's go-to-market assessment and data feedback and confirmed that, based on "***incremental data***," management had already determined that the revisions to MongoDB's FY 2025 incentive compensation plan were working well. He explained that while Defendants "continue[d]

to get data" following the implementation of the modified incentive plan in the first quarter of FY 2025 (beginning February 1, 2024), the incremental data they did possess at that time had already "***verified***" that the rollout was a "good change to make." In other words, Gordon admitted that Defendants ***knew***, based on incremental data, that their FY 2025 remedial go-to-market changes were effective as of early June 2024, a little over a ***month*** after the end of the first quarter in which they were launched (ending April 30, 2024). This suggests that Defendants would have known from incremental consumption data that by, at a minimum by ***the beginning of the Class Period*** (June 1, 2023), new Atlas workloads from the first quarter of FY 2024 were growing slowly or not at all, as they later revealed (*see infra* §IV.I).

64. Defendants' acknowledgements of their meticulous data-monitoring efforts are consistent with Gill's explanation that management regularly monitored consumption feedback and acted on it. Gill made clear that, by the fall of 2023, "***a lot of reps***" from the Company's recently-created new logo team, motivated by pure unit-based compensation incentives, had acquired new customers that launched workloads that were not consuming at historical levels and, in fact, "***never even actually consumed***" at all. *Supra* ¶¶50-51. Gill made clear that Defendants already had this feedback and had implemented changes to the compensation incentives to correct for the low-quality Atlas workloads that were not growing at expected levels. *Id*. The rollout of these changes appear to have been made mid-year despite Gordon and Tanjga's representations that compensation plans are usually only revised annually. Thus, Defendants knew that the removal of incentives for commitments and unit-based pricing for new logos, while generating record new workloads, had already slowed consumption growth to such an extent that management took the unorthodox action of implementing revisions to the Company's compensation plan mid-year.

G. Defendants Misled Investors About the Growth of New Atlas Workloads Acquired from MongoDB's FY 2024 Go-To-Market Changes

65. While Defendants quickly understood that their FY 2024 go-to-market changes – including eliminating incentives for one-year commitments and compensating for new logos on a pure unit-volume basis – generated slow-growing workloads that would erode MongoDB's long-term growth and guidance, they repeatedly hyped those workloads as highly beneficial to the Company's growth prospects. During the Class Period, Defendants underscored the record number of new workloads and customers that their sales teams were acquiring and told investors that those workloads were big contributors to MongoDB's growth. Analysts took note of the Company's record workload acquisitions and prospects of continued growth. As Defendants misled the market, MongoDB's stock price soared from less than $300 per share at the start of the Class Period to $500 per share in February 2024, with analysts predicting the stock price to continue to rise. Only at the end of the Class Period did Defendants belatedly admit that they "lost focus" on workload growth prospects in incentivizing workload quantity over quality and that, as result, workload growth slowed considerably.

66. Defendants consistently boasted of the "robust" "new business environment," "record number of new workloads," and "record customer" acquisitions during the Class Period. In fact, in each quarterly financial results announcement between June 2023 and March 2024, Ittycheria prominently highlighted MongoDB's "continued strength in new business," "success in winning new workloads," or "healthy new workload wins." On June 1, 2023, Ittycheria told investors that the Company's "go-to-market channels . . . are doing a ***really good job*** on qualifying these [new workload] opportunities" and that they were "able to separate customers who are serious versus customers who may be just wanting to kick the tires." Similarly, and in stark contrast to what Defendants knew at the time, Ittycheria confirmed that MongoDB was in fact "acquiring ***high-***

quality workloads." Moreover, the Company repeatedly issued a boilerplate risk disclosure in its SEC filings that misleadingly warned of the ***possibility*** of slowed customer consumption and the resulting "less-predictable" future revenue and forecasts notwithstanding Defendants' knowledge that slowed workload growth had already occurred.

67. During the Company's August 31, 2023 earnings call, Ittycheria specifically claimed that the elimination of "incentiviz[ing] reps to sign customers to 1-year commitments" was positioning the Company "***better*** for the longer term," and that "our efforts to reduce friction are resulting in ***more efficient growth***." He also emphasized that Defendants were "***pleased with the impact these changes have had*** in the business in the first half of the year," and explained again in September 2023 that "we're really pleased by the velocity of workloads that we're acquiring" and "***over the years, we should see that impact really show up***."

68. Along these lines, Ittycheria emphasized that new customer additions would continue to grow because "[t]hey're going to run more and more workloads on MongoDB." Gordon likewise described Defendants' pleasure "with our ability to win new business" and expressed confidence in MongoDB's "more stable consumption," and "stronger" week-over-week consumption growth. Even as late as March 2024, Gordon confirmed that the data that Defendants possessed at the time gave them "***more confidence***" and "increased confidence" in MongoDB's guidance. Defendants issued these statements despite knowing that new customer workloads acquired in 2023 were growing at dismal rates (or not at all).

69. And Tanjga actively deflected any fallout from the Company's go-to-market strategy when asked directly by an analyst in January 2024 about what he learned from the "big" change to the sales organization in 2023. Tanjga dismissed any concerns that such changes may have a negative impact on MongoDB's long term growth and represented that the change "wasn't actually

terribly disruptive, given the size of the change that it was not in terms of sales attrition or anything like that. So it was a big change . . . We also see it on the volume of new workloads . . . ." Significantly, Tanjga denied that the change would impact MongoDB's next fiscal year: "***But as you think about like what does that mean in terms of compares or mechanics of the financial model for next year, nothing particular to call out***."

70. In discussing the strength of their go-to-market efforts and new workloads acquisitions, Defendants also emphasized the importance of those new workloads to MongoDB's long-term growth. For example, as discussed *infra* ¶94, Gordon spoke about the importance of new customer relationships and initial workloads to long-term Atlas growth: "[the] initial workload grows, -- the first couple of years tend to be where there's the fastest growth, but the workload is still continu[ing] to grow for many, many years . . . But over time, the way you grow within the account is adding new workloads . . ." Gordon continued: "In the long term, though, ***Atlas growth is driven by our ability to acquire new workloads***. That's really the key thing because ***new workloads, in the long run, will drive most of the growth.*** . . . And the reality is the new workloads that you add over that subsequent workload wind up being responsible for the vast majority of the incremental growth."

H. Ittycheria and Gordon Reaped Massive Gains from Insider Sales While Aware of the Slowed Growth of New Atlas Workloads

71. Defendants revamped MongoDB's compensation plan in February 2023, which eliminated incentives for one-year commitments and rewarded representatives with "flat bount[ies]" for new customer workloads. By June 1, 2023, the start of the Class Period, Defendants had four months, including one full quarter, worth of data to evaluate the performance of the new workloads. This data, which Defendants tracked closely in connection with their weekly and quarterly forecasting, would have undoubtedly alerted them to the slowed growth trajectories of the workloads

acquired under MongoDB's revamped compensation plan. By the beginning of September 2023, Defendants had seven months and two quarters worth of data showing poor performance of the new Atlas workloads. By November 1, 2023, as MongoDB's head of sales acknowledged, the Company's FY 2024 compensation structure incentivized "a lot of reps" to acquire new logos "that ***never even actually consumed***" – let alone consumed at historical levels – and that multiple iterations of incentive changes had already been rolled out course-correcting the failed plan that launched just nine months earlier.

72. It is precisely at this time that Ittycheria and Gordon embarked on a massive insider selling spree. While they sold a total of over ***$234 million*** worth of MongoDB stock during the Class Period, between September 14, 2023 and December 1, 2023 alone – a period of just 11 weeks – Ittycheria and Gordon collectively unleashed over ***70%*** of their total Class Period shares sold (for over ***$140 million*** in proceeds) while in possession of material non-public information. Ittycheria's largest monthly Class Period sales took place during this time, in September and November 2023, for proceeds of over ***$43 million*** and ***$49 million***, respectively. Similarly, Gordon sold ***$28 million*** worth of stock in the month of November alone. And during a nine-day stretch when MongoDB's shares were trading at or near the Class Period high of $500 per share, Ittycheria and Gordon collected over ***$25 million*** in proceeds from insider sales. All told, Ittycheria and Gordon, along with MongoDB CRO Pech (who also interfaced with the head of sales and provided input on sales compensation strategies and incentives), sold over ***$250 million*** worth of stock during the Class Period, when Defendants had access to information that the new Atlas workloads were growing slowly or not at all, and the public did not.

I. Defendants Belatedly Acknowledge the Slowed Growth of FY 2024 Workloads, and MongoDB's Stock Loses Nearly a Quarter of Its Value

73. On May 30, 2024, MongoDB shocked the market when it announced that it was reducing its FY 2025 guidance to approximately 12% growth, $53 million below analysts' consensus and down from the 14% it guided less than three months earlier. For context, the previous guidance was "almost universally viewed as a coup as far as conservative guides go," according to Kingsley Crane of Canaccord Genuity. In other words, analysts described the former guidance as "unrealistically conservative," and "super conservative," because it implied that the Company's growth would be more than cut in half from the 31% growth achieved in FY 2024. Following the conservative guidance issued in March, the downward guidance revision at the end of May had far-reaching implications for MongoDB's growth prospects for FY 2025 and beyond.

74. During the earnings call that took place after trading hours, Ittycheria and Gordon attributed the reduced guidance to slowed consumption growth, including in large part from the FY 2024 workloads acquired in connection with the Company's go-to-market changes instituted the previous year, and to slowed new business performance due to operational delays from implementing adjustments to FY 2024's go-to-market plan. While Ittycheria and Gordon finally revealed the impact from the go-to-market changes first implemented nearly ***sixteen months*** earlier – *i.e.*, slowed workload growth that would continue to negatively affect the Company's growth rate going forward – they continued to misrepresent the timing of their knowledge of the slowed growth. Ittycheria told investors that "[a] newer dynamic we saw in Q1 was ***the growth rate of more recently acquired workloads started to slow down*** earlier than expected. While the macro environment had an impact, we also believe this is partly ***due to the go-to-market changes we instituted last year***." Gordon continued, in pertinent part:

> In addition, we observed a smaller contribution from recently acquired workloads. While we acquired a record volume of workloads last year and those cohorts initially performed in line with our expectations, we are now seeing those cohorts ***grow more slowly than expected***. Having analyzed the data, we believe that ***in the process of winning increased workload volumes, we unintentionally lost some focus on workload growth potential***. We've made adjustments in our processes and incentives to strike a better balance.
>
> * * *
>
> The slowdown is driven by the more pronounced macro impact we're seeing on our existing workloads, ***recent cohorts*** in particular. In addition, starting Q2 Atlas ARR is also lower in part because of the smaller than expected new business cohort in Q1.
>
> * * *
>
> To summarize, our ***Q1 results will impact our growth rate for this year***. However, we do not believe that our fiscal '25 growth is an indication of our long-term potential. We have a small share in one of the largest and fastest growing markets in all of software.

75. Analysts repeatedly zeroed in on the slowed workload growth, asking at least a half-dozen questions about the quality and growth of the FY 2024 workloads. Analysts' interest in the growth of the new Atlas workloads reflected the importance of these accounts to the Company's overall growth prospects and stock performance. For example, in response to a question from Morgan Stanley analyst Sanjit Singh about the slowed growth from recently acquired workloads and "sales execution" issues, Ittycheria explained:

> [W]hen we talked about workloads slowing down or growing more slowly, we're talking about the workloads predominantly from last year and before. We had a record workload volume last year, and we purposely designed our incentive system to reduce the friction to acquire workloads, and that actually worked really well.
>
> ***What we're seeing is that now, as we're starting to hit the one-year mark for the first workloads we acquired last Q1, that they're growing more slowly. So we're changing and fine-tuning some of the incentives to ensure that our salespeople and our teams focus on higher-quality workloads that have higher growth potential.*** So that's one point.
>
> In terms of new business, we did have a slower start to the year. As you know, we really focused on acquiring new workloads and measuring workloads all last year. So it took some time for us to analyze that workload data, and that then delayed how

we organized from an org structure or territory and ultimately finalizing quotas. And so, we did almost catch up by the end of the quarter, but not fully. But I want to be clear, we remain very confident in our ability to win new business and our win rates remain strong.

76. The following exchange between Ittycheria, Gordon, and Stifel Nicolaus analyst Brad Reback provided further insight into how MongoDB's focus on volume over quality resulted in a lack of information and data that sales representatives collected:

Brad Reback ***Stifel Nicolaus and Company, Incorporated - Analyst***

Great. And on the ***volume versus potential of deals***, we'll say, or workloads, as you talked about last year, ***a lot of volume, maybe the potential wasn't as high for those workloads to grow***. Can you give us a sense of the types of workloads that weren't growing as fast? Or what gives you confidence that you've really identified those types of workloads that can get you back to high potential? Thanks.

Dev Ittycheria ***MongoDB Inc. - President, Chief Executive Officer, Director***

Yeah. I mean, the initial workloads actually grew in line with what we were expecting, but then they started growing more slowly. And we really noticed that this quarter. I would say, while it's not easy to identify, especially new workloads, what's going to take off versus what's going to be more of a slower-growth workload, because sometimes even customers don't know.

What we have done is change the incentive systems a bit to emphasize more quality of workloads in the sales comp plans. So by definition, they're very incentivized to really push for the ***higher-growth workloads***. And ***they can get not perfect data, but a lot better data by working more closely with customers*** to understand which are more of the critical workloads versus more of the tertiary workloads.

* * *

Michael Gordon ***MongoDB Inc. - Independent Director***

And maybe, Brad, just to connect the dots, just to make sure that everyone's following, is that as we successfully got more volume, because we've got low share in this big market, one of the things that we did that helped us do that is reduce friction upfront. ***An unintended consequence of reducing friction is you actually have less information about everything. So if you're a sales rep and you're trying to prioritize your time, that was an unintended consequence***. So what Dev is talking about will help address that.

77. Ittycheria and Gordon continued to field questions about the quality and growth of the FY 2024 workloads. In the following exchange with senior analyst Mike Cikos of Needham &

Company LLC, Ittycheria agreed that Defendants "[p]otentially" "over-indexed toward focusing on the volume of these newly acquired workloads over quality," and explained that in response, the Company had now "devote[d] more resources to the enterprise segment of the market" in order to refocus on acquiring quality workloads. Gordon admitted that the Company's efforts to reduce friction resulted in foregoing "an enormous amount of information" from customers during the negotiation process, which he described as "dramatically different than getting a commitment":

> **Mike Cikos** ***Needham & Company LLC - Senior Analyst***
>
> I have two, and I'll start with the first one here, just to be clear, but I want to make sure I'm interpreting this properly. ***On the slower growth from those newly acquired workloads last year, is the takeaway that the sales team wasn't necessarily acquiring the quote-unquote right type of workload because MongoDB sounds like it had over-indexed toward focusing on the volume of these newly acquired workloads over quality***? Is that a fair characterization or takeaway from what we're hearing today?
>
> **Dev Ittycheria** ***MongoDB Inc. - President, Chief Executive Officer, Director***
>
> ***Potentially.*** I mean, I would say that we ***obviously have learned a lot***. And so, ***we really indexed on volume*** because, as in past years, when you have a portfolio of workloads, you're not sure which workload's going to take off. And that's been the growth driver of our business.
>
> And I'll just remind you, five years ago, we were one-tenth of the size of our business today. So, that's -- our strategy has been to acquire workloads as quick as possible. And we wanted to make it even easier for customers to -- for us to win workloads so customers could use our platform. It's just that as we see the growth rates of the workloads that are more recently acquired, they seem to be growing a little slower than we expected.
>
> And so, we're just making some refinements. I don't want to suggest that this is some major pivot or kind of change in direction. It's just some, you know, major, some refinements in terms of our incentive system to reward salespeople for workloads that grow even, you know, that grow fast. And so, and that's, we think that's the appropriate response here.
>
> **Mike Cikos** ***Needham & Company LLC - Senior Analyst***
>
> Got it. And I think my follow-up, again, I'm trying to get this from the outside in, but I'd appreciate any color, like understand the refinement here on looking at those workloads that grow faster. But I think ***Michael had made the earlier point as well***

> ***that because of this go-to-market effort, you almost by default have less visibility into that customer because you have reduced the friction to adopt***. So, can you help me think about ***how you guys are refining that focus on acquiring those right workloads, just given that reduced visibility we have?***
>
> **Dev Ittycheria** ***MongoDB Inc. - President, Chief Executive Officer, Director***
>
> Well, I think it's really tied to the three priorities we outlined. So, one, ***we're devoting more resources to the enterprise segment of the market***. Well, we've seen great success there. We have lots of customers who spend eight figures with us. We have a lot of customers who spend seven figures with us. And we just see the returns on that segment be very, very strong. So, we're obviously focused on that segment of the market.
>
> * * *
>
> **Michael Gordon** ***MongoDB Inc. - Independent Director***
>
> [T]he other thing, Mike, just not to get lost in the details, but I wouldn't quite use the word visibility, but I do think if you think about it this way, ***if you're going through the process of negotiating a commitment with a customer, you're going to get an enormous amount of information from that customer about the workload and about everything else***. And so, ***when you're moving in a frictionless manner to get more workloads, you won't get all of that information***.
>
> It's still possible with intent and purpose and incentives to get some of that information. And ***getting that little bit of relevant information is dramatically different than getting a commitment, right?*** And so, that's the balance that we're just, we're trying to strike and that we're continuing to iterate as we learn here.

78. While Defendants disclosed the slowed growth and execution issues to investors, causing MongoDB's stock to lose nearly a quarter of its value, they failed to tell investors why it took them well over a year – and in fact up to 15 months for some workloads – to disclose the slowed growth from the FY 2024 workloads when: (1) Defendants tracked customer consumption religiously and discussed forecasting based on that consumption on a weekly and quarterly basis; and (2) the Company's head of sales revealed that new customers acquired in 2023 were not consuming and the Company had already revamped the previous year's compensation plan ***by November 2023***. In fact, Gordon admitted that the amount of time needed to get feedback on new workload performance was only a few months. Just after the Class Period, Gordon confirmed that

incremental data had already "***verified***" that FY 2025 compensation adjustments were a "good change to make" (*i.e*., four months after their implementation).

79. Analysts were baffled by MongoDB's lowered guidance, particularly in light of management's execution failures, and almost universally noted the slowed growth of FY 2024 Atlas workloads as contributing to the massive decline in the Company's stock price. For example, on May 31, 2024, Needham summarized MongoDB's results, as follows:

> MongoDB guided 2QFY25 below consensus and lowered FY25 guidance on every metric. The guidance cuts reflect a slower start to the year for (1) Atlas Consumption and (2) new workload wins. Also, ***the company noted slower growth from newly acquired workloads, which we see as an outcome of its go-to-market initiatives to accelerate adoption that saw the sales organization aggressively acquire workloads without considering quality***. Management has implemented processes to incentivize the sales force to prioritize higher quality workloads. ***These self-inflicted dynamics combined with macro headwinds were definitively unexpected, and drove MDB's shares 25% lower*** in the after-market (indication is a $233 opening). We cut our PT to $290 from $465, but maintain our Buy rating with the understanding the market will need to absorb this news.

80. Oppenheimer reported that management highlighted "a slower pace of growth in workloads added in FY24, and a slow start on the new business front due to operational issues (delays in quota-setting, territory assignments) from last year's shift to a workload-based selling motion," and concluded that "***the mis-execution is out of character and demands attention***." BofA Securities noted that "[e]xecution also contributed to the softer results." Wedbush zeroed in on the Company's admission that "there appears to be an issue with the quality of workloads acquired last years and some fine-tuning that is planned for this year that could impact growth." Moreover, RBC observed that the "decision to reduce friction by de-emphasizing upfront commitments drove 'record' unit growth in FY24 however, the unintended consequence was these workloads exhibit slower growth (***i.e., less mission-critical***)." Wedbush concluded, "[t]his makes us think that these issues might take a few quarters to work out, and if now ***MDB sales reps need to be more diligent about the quality of workloads they are acquiring***, that could slow down the workload acquisition

and ***impact growth even in FY26E***." In that vein, Guggenheim queried whether "MongoDB is even a 20% grower this year. And when, or if, they will ever approach 30% growth again."

81. MongoDB's results and lowered guidance also surprised analysts because, uncharacteristically, the Company's performance was below the stronger results from other consumption-based tech companies. Scotiabank reported that "MongoDB is citing a slow operational start due to go-to-market changes and on more moderate end user activity than anticipated. This is ***concerning as other consumption businesses (ESTC, SNOW, DDOG) did not highlight a more challenging macro environment***." Similarly, RBC stated that "[w]hile consumption software has looked better than seat-based/apps software, MongoDB broke the mold. MongoDB saw broad-based softness in existing workload consumption growth." On June 13, 2024, Needham followed-up on its initial report on MongoDB's performance and noted that "management determined the FY24 workload vintage was lower caliber as a result of the sales team *over-indexing* toward winning a greater *volume* of workloads at the expense of acquiring *quality* workloads." Needham concluded that MongoDB:

> [S]ounded the worst on underlying conditions . . . [o]f all the companies in our coverage during 1Q . . . citing weaker than expected trends across the business. ***Investors are having difficulty internalizing macro commentary given the self-inflicted damage related to go-to-market changes***, especially compared to relatively ***stronger results from companies like ServiceNow, Datadog, Confluent and Elastic***.

V. DEFENDANTS' FALSE AND MISLEADING STATEMENTS AND MATERIAL OMISSIONS DURING THE CLASS PERIOD

A. June 2023 Statements and Guidance

1. Q1 2024 Form 8-K

82. The Class Period begins on June 1, 2023. On that date, the Company issued a press release, which it filed with the SEC as an exhibit to a Current Report on Form 8-K reporting the financial results for the first quarter of fiscal 2024 ("Q1 2024"), ending April 30, 2023 ("Q1 2024

Form 8-K"), and providing guidance for the upcoming quarter ("Q2 2024"). For Q1 2024, MongoDB reported total revenue of $363.3 million (a 29% year-over-year increase) and "***Continued Strong Customer Growth*** with Over 43,100 Customers as of April 30, 2023," and that Atlas revenue was up 40% year-over-year and represented 65% of total revenue. Ittycheria highlighted these results to investors, stating: "MongoDB began fiscal 2024 with strong first quarter results, highlighted by 40% Atlas revenue growth and ***the most net new customer additions in over two years***. The ***continued strength in new business activity*** indicates the mission criticality of the MongoDB developer data platform and underscores that investments in innovation remain a top priority for customers." For the coming Q2 2024, MongoDB announced that it expected between $388.0 and $392.0 million in revenue, Non-GAAP Operating Income of between $36 and $39 million, and Net Income Per Share between $0.43 and $0.46. For full fiscal 2024, the Company stated that it expected between $1.522 billion and $1.542 billion in revenue and between $1.42 and $1.56 in Non-GAAP net income per share.

2. Q1 2024 Earnings Conference Call

83. On June 1, 2023, following the announcement of its quarterly results, the Company held an investor earnings conference call. Ittycheria and Gordon participated in the conference call. During the call, Ittycheria reported, as follows:

> Overall, we delivered a strong Q1. ***We had a very healthy quarter of new business acquisition.*** We added approximately 2,300 customers during the quarter, the highest number in over 2 years, including over 300 new direct sales customers, with notable strength in our enterprise channel. ***Our ongoing new business success is due to the mission criticality of our platform; and sharp execution by our go-to-market teams***, who are navigating a difficult selling environment by remaining laser-focused on our North Star, acquiring new workloads. In fact, this quarter, we acquired a ***record number of new workloads*** from our existing customers.

84. Ittycheria further assured investors that consumption and retention remained strong stating that "[i]n summary, I am pleased with our first quarter results in a difficult macro

environment. Our ability to win new workloads remained strong, and ***Atlas consumption trends were better than expected***."

85. Gordon cited the "healthy new business environment" and performance, along with strong customer additions, as demonstrative of continued demand for MongoDB: "As Dev mentioned, we continue to see a ***healthy new business environment*** both in terms of acquiring new customers as well as acquiring new workloads within existing customers . . . Our ***new business performance*** and ***strong total customer net additions*** demonstrate the ***continued demand*** for our developer data platform."

86. Gordon also reiterated the Company's guidance set forth in the Q1 2024 Form 8-K, as follows:

> For the second quarter, we expect revenue to be in the range of $388 million to $392 million. We expect non-GAAP income from operations to be in the range of $36 million to $39 million and non-GAAP net income per share to be in the range of $0.43 to $0.46 based on 82.5 million estimated diluted weighted average shares outstanding. For the full fiscal year 2024, we expect revenue to be in the range of $1.522 billion to $1.542 billion. For the full fiscal year 2024, we expect non-GAAP income from operations to be in the range of $110 million to $125 million and non-GAAP net income per share to be in the range of $1.42 to $1.56 based on 83 million estimated diluted weighted average shares outstanding.

87. During the question and answer period of the earnings call, an analyst probed regarding the Company's consumption trends and management's visibility with respect to future performance. To this point, Ittycheria emphasized Defendants' control over new workload acquisitions to ensure that they "grow well," stating:

> Yes, what I would say is I think, in the short term, the consumption trends are clearly tied to our customers' underlying business. ***The only way we can really influence that is, over the long term, by acquiring more and more workloads either [] from existing customers or acquiring new customers. And so we're really focused on what we can control, which is all about acquiring new customers and new workloads.*** And obviously there'll be puts and takes in every quarter, but our go-to-market organization is very, very focused on this. And we do that not just from our sales organization but also from our self-serve business. And then ***we also just don't just focus on acquiring but also making sure they're onboarded properly; they're***

> ***serviced properly so that those workloads grow well*** and the customer's experience with those workloads is very positive so they continue to add new workloads to our platform. ***That's ultimately the things that we can control and that's what we're really focused on***.

88. Relatedly, Gordon discussed MongoDB's strategy to incentivize workload volume and reduce friction, stating simply that the "result of that is spending less time on upfront commitments":

> I think the other thing that's important to understand in terms of the financials is really the cash flow dynamics and understanding that. As we've talked about for the last several years, we've been deemphasizing upfront commitments, trying to reduce the level of friction, trying to focus on acquiring more workloads and getting more workloads on the platform. ***And the result of that is spending less time on upfront commitments.*** Atlas now has -- about 80% of Atlas does not flow through deferred.

89. Ittycheria claimed that the Company's go-to-market strategy was in fact successfully retaining high quality workloads and that the sales force was "doing a really good job" identifying quality workloads:

> So I would also say that our go-to-market channels have to really focus on and ***are doing a really good job on qualifying these opportunities, being able to separate customers who are serious versus customers who may be just wanting to kick the tires***. And again, as I mentioned earlier, ***it's all about us acquiring high-quality workloads***. If we can [] acquire high-quality workloads, onboard them well and make sure they're serviced as well, good things will happen, ***and that's happening***. And ***we had a record number of new workloads added this quarter*** from existing customers.
>
> * * *
>
> We have really focused our teams to acquire workloads either through the acquisition of new customers or the acquisition of workloads in existing customers. It's all about acquiring workloads, so our incentive mechanisms, management attention and focus is all about this North Star about acquiring new workloads. And I saw -- and I think you're seeing the ***results*** of that showing up in Q1.

90. The statements referenced above in ¶¶82-89, including that MongoDB's "go-to-market channels" are "doing a really good job on qualifying [] opportunities" and in fact "acquiring high quality workloads," and regarding the "healthy quarter of new business acquisition," "new

business performance and strong total customer net additions," "sharp execution" by MongoDB's go-to-market teams, and control of new workload growth, are false and misleading and omitted material facts because Defendants failed to disclose that:

(a) the compensation structure and go-to-market changes implemented at the beginning of FY 2024 that eliminated incentives for upfront commitments, compensated for new logos based on a pure unit-volume basis, and otherwise incentivized volume over quality, generated significantly reduced visibility into projected workload growth and a large number of new workloads that were consuming and growing at slower than historical rates, or not at all; and

(b) as a result of the foregoing, FY 2024 workloads were not exhibiting expected growth rates and would continue to inhibit MongoDB's long-term growth prospects, and that MongoDB would be unable to maintain its forecasted growth projections.

3. June 7, 2023 William Blair Growth Stock Conference

91. On June 7, 2023, Gordon and Tanjga participated in the William Blair Growth Stock Conference. During the conference, Gordon emphasized the importance of acquiring new workloads to the Company's "medium to long term" growth prospects:

> And so when we win or displace or someone does a big Oracle migration to MongoDB, it's not like they've kicked out Oracle out of their other hundreds of thousands of applications that they have. And so that's a sort of a dynamic of our market. It means we're never shut out of a customer, but it means there's sort of a continued effort to sell and win more and more workloads. ***So when you hear us talk about our results, we talk about winning new customers. We talk about winning new workloads. And that's really kind of the key thing.***
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> * * *
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> And in the near term, because new workloads start small, because we've reached a fairly large size and scale, the near-term results are much more dictated by the performance of the growth of the existing applications, whereas ***in the medium to long term, things are much more affected by are we winning new customers? Are we continuing to add new workloads*** within existing customers and sort of penetrate there?

92. Gordon reported that the Company has "***continued to add significant numbers of new customers***" and that it had its "***strongest net additions in customer count this past quarter***" as compared to the two prior years. According to Gordon, the Company had not "seen any of the deal slippages or some of the other sort of effects of elongation of sales cycle or other things that people are talking about."

93. The statements referenced above in ¶¶91-92, including regarding MongoDB's "significant" and "strong[]" new customer performance, are false and misleading and omitted material facts because Defendants failed to disclose that:

(a) the compensation structure and go-to-market changes implemented at the beginning of FY 2024 that eliminated incentives for upfront commitments, compensated for new logos based on a pure unit-volume basis, and otherwise incentivized volume over quality, generated significantly reduced visibility into projected workload growth and a large number of new workloads that were consuming and growing at slower than historical rates, or not at all; and

(b) as a result of the foregoing, FY 2024 workloads were not exhibiting expected growth rates and would continue to inhibit MongoDB's long-term growth prospects, and that MongoDB would be unable to maintain its forecasted growth projections.

4. June 22, 2023 MongoDB Investor Session

94. On June 22, 2023, Ittycheria and Gordon participated in the MongoDB Investor Session. During Gordon's overview of the Company's business, he explained the importance of new workloads and the expected short-and long-term growth patterns of new workloads, as follows:

> What this means is winning an initial workload, yes, hopefully that workload is successful, but the way and it grows -- but ***the way that we really grow within the account is winning additional workloads and yes, winning that next subsequent workload is faster, more successful, ultimately, economically more efficient***, but you still need to [do] effort. You don't just sit back, kick your feet up and have the workloads.

* * *

Every new customer relationship has to bid again with an initial workload. And that ***initial workload grows, -- the first couple of years tend to be where there's the fastest growth, but the workload is still continu[ing] to grow for many, many years***. But really, what the opportunity is, once it's onboarded that workload will tend to have its own growth behaviors, right? It tends to be a number of application specific factors, as we've talked about, it could be affected by macroeconomic conditions and the underlying -- ultimately, it's the underlying read write query activity in the application. ***But over time, the way you grow within the account is adding new workloads***, right, and making them successful and continue to penetrate the account further.

* * *

And so our whole company is oriented around winning more workloads. This is not just a go-to-market orientation although importantly, it is a go-to-market orientation, and that's a change or that's a shift from winning a big multiyear contract on an annual subscription license or maybe you do a 3-year deal and you kind of sit back, this is much more focused on winning more workloads within the account. But again, it's not just a go-to-market motion. This is also a focus across the whole company.

95. Gordon further elaborated on these points following a break, as follows:

So without any further ado, I will drive [sic] straight into the Atlas drivers. And as I said at the beginning, remember, we grow in accounts by acquiring workloads, right? Everything is this workload orientation. And so we'll talk about new workloads, and we'll talk about growth of existing workloads because that's sort of the dynamic that we have. And I showed you this sort of illustrative journey that we had where ***we have to win that first initial workload. That workload will grow based on a number of application-specific factors, but also based on the macroeconomic environment***. And then what we'll do, though, is we'll continue to win workloads in the account. And organizations can have hundreds or thousands or more applications within there. So this sort of workload dynamic sort of builds upon itself. And that's kind of the dynamic that we see over time.

And so as we've said, Atlas growth in the short term is really dictated by the growth of those existing workloads. New workloads start small, and we'll walk a little bit through that. And that growth of existing applications and existing workloads is driven by the underlying usage activity.

* * *

In the long term, though, Atlas growth is driven by our ability to acquire new workloads. That's really the key thing because new workloads, in the long run, will drive most of the growth. But in the short term, new workloads represent a

> relatively small portion of the business. New workloads tend to start small even though they grow quickly. And so what we tried to do here is to illustrate what that means.
>
> * * *
>
> But what happens is over time, if you play this out over 5 years, right, if you look over 20 quarters, what winds up happening, right? ***And the reality is the new workloads that you add over that subsequent workload wind up being responsible for the vast majority of the incremental growth.*** It's somewhat logical and intuitive and sort of math friendly. But we thought that maybe visualizing it would help complement the words and the dynamics that we've been describing.

96. The statements referenced above in ¶¶94-95, including regarding the expected growth from new workload acquisitions, are false and misleading and omitted material facts because Defendants failed to disclose that:

(a) the compensation structure and go-to-market changes implemented at the beginning of FY 2024 that eliminated incentives for upfront commitments, compensated for new logos based on a pure unit-volume basis, and otherwise incentivized volume over quality, generated significantly reduced visibility into projected workload growth and a large number of new workloads that were consuming and growing at slower than historical rates, or not at all; and

(b) as a result of the foregoing, FY 2024 workloads were not exhibiting expected growth rates and would continue to inhibit MongoDB's long-term growth prospects, and that MongoDB would be unable to maintain its forecasted growth projections.

5. MongoDB's Risk Disclosure Statements

97. On June 2, 2023, MongoDB filed a quarterly report on Form 10-Q for Q1 2024 with the SEC that was signed by Ittycheria and Gordon ("Q1 2024 Form 10-Q"). In the Q1 2024 Form 10-Q, MongoDB characterized the risk that customers will consume MongoDB Atlas offering "more slowly" than expected, and the related risk that the Company's actual results may differ from the Company's forecasts, as merely hypothetical, as follows:

> ***Because we derive the majority of our revenue from MongoDB Atlas, failure of MongoDB Atlas to satisfy customer demands could adversely affect our business, results of operations, financial condition and growth prospects and our future revenue may be more difficult to predict*.**
>
> We derive and expect to continue to derive the majority of our revenue from MongoDB Atlas, our database-as-a-service offering, which is primarily recognized on a usage-basis. As such, market adoption and usage of MongoDB Atlas is critical to our continued success. Although MongoDB Atlas has seen rapid adoption since its commercial launch in June 2016, and though we intend to continue to direct a significant portion of our financial and operating resources to develop and grow MongoDB Atlas, including offering a free tier of MongoDB Atlas to generate developer usage and awareness, we cannot guarantee that rate of adoption will continue at the same pace or at all. Demand for MongoDB Atlas is affected by a number of factors, many of which are beyond our control, including economic downturns, continued market acceptance by developers, the availability of our Community Server offering, the continued volume, variety and velocity of data that is generated, timing of development and release of new offerings by our competitors, technological change and the rate of growth in our market. For instance, among other factors, the adverse macroeconomic conditions resulted in slower than historical growth of our existing Atlas applications for the three months ended April 30, 2023. If we are unable to continue to meet the demands of our customers and the developer community, our business operations, financial results and growth prospects will be materially and adversely affected. In addition, ***because our customer's usage of MongoDB Atlas may vary for a number of reasons, our visibility into the timing of revenue recognition is limited. There is a risk that customers will consume our MongoDB Atlas offering more slowly than we expect, and our actual results may differ from our forecasts and our future revenue may be less predictable going forward due to, among other things, fluctuations in the rate of customer renewals and expansions and seasonality of, or fluctuations in, usage of MongoDB Atlas***.

98. This false and misleading statement was repeated in all material respects in the following MongoDB SEC filings: (i) August 30, 2024 Q2 Form 10-Q; (ii) December 7, 2023 Q3 Form 10-Q; and (iii) March 15, 2024 FY 2024 Form 10-K (including Q4 2024).[22] Each of these filings was also signed by defendants Ittycheria and Gordon.

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[22] The only non-material differences in the risk disclosure language relate to: (1) the referenced time period of the "adverse macroeconomic conditions" that "resulted in slower than historical growth" of MongDB's existing Atlas applications (*e.g.*, in the September 1, 2024 Q2 10-Q, the referenced time period is "three and six months ended July 21, 2023" instead of "three months ended April 30, 2023"); and (2) the addition of the phrase "more than" in the initial risk disclosure summary following the June 2, 2023 risk disclosure (*i.e.*, "Because we derive ***more than*** the majority of our revenue from MongoDB Atlas . . .").

99. The statement referenced above in ¶¶97-98 regarding the "risk that customers will consume our MongoDB Atlas offering more slowly than we expect, and our actual results may differ from our forecasts and our future revenue may be less predictable going forward due to . . . fluctuations in the rate of customer renewals and expansions . . . or fluctuations in[] usage of MongoDB Atlas" is false and misleading and omitted material facts because Defendants failed to disclose that the risk of slowed customer consumption had already materialized. Defendants characterized the risk of slowed growth as ***hypothetical*** when, in fact, MongoDB's go-to-market changes implemented at the beginning of FY 2024 which eliminated incentives for upfront commitments, compensated for new logos based on a pure unit-volume basis, and otherwise incentivized volume over quality, had ***already*** resulted in sales representatives having reduced visibility into projected workload growth and a large number of new workloads that were showing slowed consumption rates and were not growing at historical levels. Similarly, Defendant's statement that their "forecasts and [] future revenue ***may*** be less predictable going forward" is false and misleading and otherwise omitted material information because it characterized this risk as a mere possibility when FY 2024 workloads were already exhibiting slower growth rates and would continue to inhibit MongoDB's long-term growth, which would hinder MongoDB's ability to meet its forecasted growth projections.

B. August Statements and Guidance

1. Q2 2024 Form 8-K

100. On August 31, 2023, the Company issued a press release, which it filed with the SEC as an exhibit to a Current Report on Form 8-K reporting the financial results for Q2 2024, ending July 31, 2023 ("Q2 2024 Form 8-K"), and providing guidance for the upcoming quarter ("Q3 2024"). For Q2 2024, MongoDB reported total revenue of $423.8 million (a 40% year-over-year increase) and "***Continued Strong Customer Growth*** with Over 45,000 Customers as of July 31,

2023," and that Atlas revenue was up 38% year-over-year and represented 63% of total Q2 2024 revenue. Ittycheria highlighted these results, stating: "MongoDB delivered excellent results in the second quarter, highlighted by 40% revenue growth, ***continued strength in new workload acquisition*** and record operating margin." MongoDB's Q2 2024 Form 8-K also guided that in the coming third quarter, it expected to generate between $400.0 and $404.0 million in revenue, between $41 and $44 million in Non GAAP Income from Operations and between $0.47 and $0.50 in Net Income Per-Share. For the full fiscal 2024, MongoDB reported that it expected between $1.596 and $1.608 billion in revenue, Non GAAP Income from Operations of between $189 and $197 million, and between $2.27 and $2.35 of Non GAAP Net Income Per-Share.

2. Q2 2024 Earnings Conference Call

101. On August 31, 2023, MongoDB held an investor earnings conference call. Ittycheria and Gordon participated in the conference. Ittycheria highlighted the strength of MongoDB's new business and customer growth: "[W]e had another ***solid quarter of customer growth***, ending the quarter with over 45,000 customers. Overall, we delivered an exceptional Q2. ***We had a healthy quarter of new business acquisition led by continued strength in new workload acquisition*** in our existing customers." Ittycheria also maintained that the Company's "***retention rates remained strong*** in Q2, reinforcing the ***mission criticality*** of our platform even in a difficult spending environment." He explained, as follows:

> I just want to reinforce that ***we had another strong quarter of new business performance***, which really validates our value proposition and our run anywhere strategy[.] Again, we remain focused on our North Star, which is acquiring new workloads, both from new workloads -- the new customers and existing customers. And ***we're innovating both on the product and go-to-market dimensions to accelerate workload acquisition***.

102. Ittycheria underscored the purported positive impact of MongoDB's new sales strategy, including that the reduced friction was "resulting in more efficient growth" and positioning the Company "better for the longer term," explaining, as follows:

> ***We are highly focused on reducing friction in the sales process so we can acquire more workloads quickly and cost effectively given the large size of our market opportunity***. Historically, the most significant source of friction has been negotiating with customers to secure an upfront Atlas commitment since it can be hard for customers to forecast consumption growth for a new workload. Given our high retention rates and the underlying consumption growth, several years ago, we began reducing the importance of upfront commitments in our go-to-market process to accelerate workload acquisition. This year, we took additional steps in that direction.
>
> For example, we no longer incentivize reps to sign customers to 1-year commitments. Obviously, this has short-term impact on our cash flow, but ***positions us better for the longer term*** by accelerating workload acquisition. ***We are pleased with the impact these changes have had*** in the business in the first half of the year. Specifically, new workload acquisition has accelerated, especially within existing customers. We believe that ***our efforts to reduce friction are resulting in more efficient growth***, and ***we'll always look for ways to improve our go-to-market approach*** to make it even easier for customers to bring new workloads onto our platform.

103. Likewise, Gordon reported that MongoDB had a strong quarter and was benefitting from a "healthy new business environment":

> As Dev mentioned, ***we continue to see a healthy new business environment*** especially in terms of acquiring new workloads within existing customers. To us, this is confirmation we remain a top priority for our customers and that our value proposition continues to resonate even in this market. . . . We are pleased with our ability to win new business and are demonstrating the operating leverage inherent in our model. While we continue to monitor the macro environment, we remain incredibly excited about the opportunity ahead, constantly to maximize our long-term value.

104. Gordon noted that the Company was "meaningfully increasing our assumption for operating margins in fiscal '24 to 12% at the midpoint of [the Company's] guidance, an improvement of more than 700 basis points compared to fiscal '23, while continuing to invest to pursue our long-term opportunity," and restated the quarterly and annual guidance announced in the Q2 2024 Form 8-K:

> For the third quarter, we expect revenue to be in the range of $400 million to $404 million, we expect non-GAAP income from operations to be in the range of $41 million to $44 million and non-GAAP net income per share to be in the range of $0.47 to $0.50 based on 83.5 million estimated diluted weighted average shares outstanding. For the full fiscal year 2024, we expect revenue to be in the range of $1.596 billion to $1.608 billion. For the full fiscal year 2024, we expect non-GAAP income from operations to be in the range of $189 million to $197 million and non-GAAP net income per share to be in the range of $2.27 to $2.35 based on 83 million estimated diluted weighted average shares outstanding.

105. The statements referenced above in ¶¶100-104 are false and misleading and omitted material facts because Defendants failed to disclose that:

(a) the compensation structure and go-to-market changes implemented at the beginning of FY 2024 that eliminated incentives for upfront commitments, compensated for new logos based on a pure unit-volume basis, and otherwise incentivized volume over quality, generated significantly reduced visibility into projected workload growth and a large number of new workloads that were consuming and growing at slower than historical rates, or not at all;

(b) they had already, and/or were in the process of, correcting course by changing their incentive compensation structure again to place more emphasis on the quality and growth-prospects of newly acquired workloads; and

(c) as a result of the foregoing, FY 2024 workloads were not exhibiting expected growth rates and would continue to inhibit MongoDB's long-term growth prospects, and that MongoDB would be unable to maintain its forecasted growth projections.

C. September 6, 2023 Goldman Sachs Communacopia + Technology Conference

106. On September 6, 2023, Gordon and Ittycheria participated in the Goldman Sachs Communacopia + Technology Conference. During the conference, Gordon reported that "the ***new business environment has remained robust*** for [the Company] in terms of winning new workloads," and the Company has "been able to successfully navigate the macroeconomic environment" in "the

winning of new workloads." Gordon also praised "[t]he sales teams [in] hav[ing] done a good job" in "navigat[ing] that very effectively" and stated that he was "really pleased with the results there."

107. During the question and answer portion of this conference, Ittycheria fielded a question from an analyst about the "recently announced [] iteration [of] go-to-market for Atlas," including "the importance of that change" and how he saw "that accelerating new workload acquisition." He responded as follows, emphasizing the substantial future growth potential from these workloads:

> And on the sales side, and the go-to-market side, basically orienting our go-to-market organization to just acquire new workloads. Now as you can imagine, in a traditional software kind of philosophy, you pay a salesperson to go get someone to commit to you to doing some business, and that was our approach. The challenge, though, when you do workload-by-workload it's very hard for a customer to predict what exactly the usage of the consumption that workload would be over any period of time.
>
> So we were naturally forcing customers the commitments because salespeople operate by the way they're compensated and customers said, well, if you give me a better deal in terms of discount, I may commit to a bigger number. And it was this awkward kind of tension in the discussion. So over the last 3 years, we've been slowly reducing the emphasis on commitments.
>
> So it's been a journey, and this past year, we stopped paying our salespeople on even on 1-year commitments because our retention rates are very high, so it's that -- why force the customer even to a 1-year commitment and just get them to deploy the workload and as they see it grow, if they want incremental discounts, they'll come to us and saying, hey, my app is growing quickly. I want a better price, and then we'll say, let's talk about the longer-term commitment.
>
> ***So that reduction or that removal of that friction based on the change in comp plans has really helped us accelerate the acquisition of new workloads***. But again, I want to say it's like a slope of line, it's not some inflection point. And ***we're really pleased by the velocity of workloads that we're acquiring***. Most of them are [sic] start very small because they are new workloads. So it takes time for them to -- they don't really have much impact in the quarter -- in the current quarter, but ***over the years, we should see that impact really show up***.

108. The statements referenced above in ¶¶106-107 are false and misleading and omitted material facts because Defendants failed to disclose that:

(a) the compensation structure and go-to-market changes implemented at the beginning of FY 2024 that eliminated incentives for upfront commitments, compensated for new logos based on a pure unit-volume basis, and otherwise incentivized volume over quality, generated significantly reduced visibility into projected workload growth and a large number of new workloads that were consuming and growing at slower than historical rates, or not at all;

(b) they had already, and/or were in the process of, correcting course by changing their incentive compensation structure again to place more emphasis on the quality and growth-prospects of newly acquired workloads; and

(c) as a result of the foregoing, FY 2024 workloads were not exhibiting expected growth rates and would continue to inhibit MongoDB's long-term growth prospects, and that MongoDB would be unable to maintain its forecasted growth projections.

D. September 7, 2023 Citi Global Technology Conference

109. On September 7, 2023, Gordon and Tanjga participated in the Citi Global Technology Conference. During the course of the conference, Gordon described MongoDB's go-to-market pivot in business strategy, as follows:

> Sure. Yes. It's -- first of all, it's been part of a multiyear effort to reduce friction in the process, which includes reducing the emphasis or the importance of commitments. And part of the reason for that is if you take a new application that someone is going to launch on Atlas, if the rep is -- has an incentive or is paid primarily off the basis of the commitment, I am going to hold out for the biggest commitment possible, right, because that's what I'm getting paid on. Amazingly, incentives drive behavior.
>
> * * *
>
> And the reality is none of that affected what the application actually is going to consume. The consumption is going to be whatever the consumption was going to be. And effectively, that ***rep has wasted a whole bunch of time and effort that they could be going and selling new additional workloads***, right? And so to me, that's the key point is when you think about this large market opportunity that we have and the fact that our quota-carrying head count is measured in the hundreds as opposed to the thousands or tens of thousands that our competitors have, ***anything we can do to***

> ***effectively and synthetically expand the impact of that sales force by freeing up time and giving them time is valuable***.
>
> And so that's where this focus on creating -- that's where creating this focus on winning new workloads as the key thing has really been sort of a long-term trend. And as you know, Tyler, ***comp plans are complicated, reps are sensitive to them. You typically only change them once a year. You're not usually changing comp plans midyear***. And so like I said, this has been part of sort of a multiyear phased journey where we said, okay, we want to -- and you can't like radically change the plan 180 in a year. Otherwise, there's too much change management.

110. During the discussion, Tanjga described the "new business environment" as "robust" and that "throughout this macro slowdown that began over a year ago, we've been very happy with our ability to acquire new business." Tanjga also noted that the "tremendous amount of data" regarding usage of new Atlas workloads gave Defendants more confidence about the visibility into workload growth prospects:

> So the beauty of Atlas is that ***we have access to a tremendous amount of data***, and we try to become more intelligent over time as ***we use that data and usage patterns to judge our customers' potential***. And so -- and it's an ongoing process, but what we've particularly ***become more comfortable over time is our ability to call when we see that there's incremental workload potential in the account***.

111. The statements referenced above in ¶¶109-110 are false and misleading and omitted material facts because Defendants failed to disclose that:

(a) the compensation structure and go-to-market changes implemented at the beginning of FY 2024 that eliminated incentives for upfront commitments, compensated for new logos based on a pure unit-volume basis, and otherwise incentivized volume over quality, generated significantly reduced visibility into projected workload growth and a large number of new workloads that were consuming and growing at slower than historical rates, or not at all;

(b) they had already, and/or were in the process of, correcting course by changing their incentive compensation structure again to place more emphasis on the quality and growth-prospects of newly acquired workloads; and

(c) as a result of the foregoing, FY 2024 workloads were not exhibiting expected growth rates and would continue to inhibit MongoDB's long-term growth prospects, and that MongoDB would be unable to maintain its forecasted growth projections.

E. December 2023 Statements and Guidance

1. Q3 2024 Form 8-K

112. On December 5, 2023, the Company issued a press release, which it filed with the SEC as an exhibit to a Current Report on Form 8-K reporting the financial results for Q3 2024, ending October 31, 2023 ("Q3 2024 Form 8-K"), and providing guidance for the upcoming quarter ("Q4 2024"). For Q3, MongoDB reported total revenue of $432.9 million (a 30% year-over-year increase) and "***Continued Strong Customer Growth*** with Over 46,400 Customers as of October 31, 2023," and that Atlas revenue was up 36% year-over-year and represented 66% of total Q3 2024 revenue. Ittycheria positively characterized these results as follows: "MongoDB continued to perform at a high level in the third quarter, as evidenced by 30% revenue growth and better-than-expected profitability. ***We are pleased by our success in winning new workloads*** from both new and existing customers across verticals, geographies, and customer segments." The Q3 2024 Form 8-K guided that, for the fourth quarter of fiscal 2024, the Company expected revenue of between $429.0 and $433.0 million, Non-GAAP Income from Operations between $35 million and $38 million, and Non-GAAP Net Income Per Share of $0.44 and $0.46. For full fiscal 2025, the Company stated that it expected between $1.654 billion and $1.658 billion in revenue, Non-GAAP Income from Operations of between $236.3 million and $239.3 million, and Non-GAAP Net Income Per Share of between $2.89 and $2.91.

2. Q3 2024 Earnings Conference Call

113. Following the announcement of the Company's third quarter results, on December 5, 2023, MongoDB held an investor earnings conference call. Ittycheria and Gordon participated in the

conference call. Ittycheria represented that MongoDB "had a ***healthy quarter of new business acquisition led by continued strength in new workload acquisition*** within our existing customers." He further assured investors that the Company's "***retention rates remained strong*** in Q3, reinforcing the mission criticality of our platform even in a difficult spending environment."

114. Similarly, Gordon summarized the Company's operating results, as follows: "[t]o summarize, MongoDB delivered excellent third quarter results in a difficult environment. ***We're pleased with our ability to win new business*** and are demonstrating the operating leverage inherent in our model." Gordon took note of the Company's strong customer growth and workload acquisition, stating that "we grew our customer base by approximately 1,400 customers sequentially," including "over 6,900 [] direct sales customers, which compares to over 5,900 in the year ago period. The growth in our total customer count is being driven primarily by Atlas, which had over 44,900 customers at the end of the quarter compared to over 37,600 customers in the year ago period." Gordon continued that "***[i]n terms of our direct sales net additions, new sales activity remains healthy***."

115. Gordon reiterated that MongoDB had undertaken a deliberate business strategy "that includes reducing the emphasis around upfront commitments" which "helps accelerate landing new workloads and things like that." Gordon explained:

> We've also talked about how -- over the last couple of years one of the things we've been trying to do is reduce friction for the sales force. Some of that includes reducing the emphasis around upfront commitments. And so ***that helps accelerate landing new workloads*** and things like that[.]

116. Ittycheria also stated that "customers are increasingly viewing MongoDB as a ***mission-critical*** platform. ***They're going to run more and more workloads on MongoDB***."

117. Gordon reiterated the guidance provided in the Q3 2024 Form 8-K, as follows:

> For the fourth quarter, we expect revenue to be in the range of $429 million to $433 million. We expect non-GAAP income from operations to be in the range of

> $35 million to $38 million and non-GAAP net income per share to be in the range of $0.44 to $0.46 based on 83.2 million estimated diluted weighted average shares outstanding. For the full year fiscal 2024, we are increasing our outlook across the board. We now expect revenue to be in the range of $1.654 billion to $1.658 billion; non-GAAP income from operations to be in the range of $236.3 million to $239.3 million; and non-GAAP net income per share to be in the range of $2.89 to $2.91 based on 82.5 million estimated diluted weighted average shares outstanding. Note that the non-GAAP net income per share guidance for the fourth quarter and full fiscal year 2024 includes a non-GAAP tax provision of approximately 20%.

3. December 7, 2023 Barclays Global Technology Conference

118. On December 7, 2023, Gordon and Tanjga participated in the Barclays Global Technology Conference. During the conference, Gordon positively characterized MongoDB's growth trajectory, as follows:

> ***New business environment continues to be strong for us in terms of getting new workloads, both from existing customers as well as logos***. We ***continue to see growth of existing customers and existing workloads grow healthfully***, but that's sort of more moderated. The rate that we've seen since the macro economic slowdown.

119. Tanjga underscored that Defendants "spend a tremendous amount of time" on acquiring new workloads and comparing the quality of workloads to those acquired in the past:

> So that is the first thing. No, you're right. Not the worst, but just the underlying growth of application would be the primary governor of Atlas consumption. And your macro -- you're ultimately the driver of sort of where we do that. We are obviously (inaudible) control and ***we spend a tremendous amount of time focusing on – is like – "Are we acquiring new workloads? Are we doing that if they are the same quality or better than what we've done in the past?"***

120. The statements referenced above in ¶¶112-119 are false and misleading and omitted material facts because Defendants failed to disclose that:

(a) the compensation structure and go-to-market changes implemented at the beginning of FY 2024 that eliminated incentives for upfront commitments, compensated for new logos based on a pure unit-volume basis, and otherwise incentivized volume over quality, generated

significantly reduced visibility into projected workload growth and a large number of new workloads that were consuming and growing at slower than historical rates, or not at all;

(b) they had already, and/or were in the process of, correcting course by changing their incentive compensation structure again to place more emphasis on the quality and growth-prospects of newly acquired workloads; and

(c) as a result of the foregoing, FY 2024 workloads were not exhibiting expected growth rates and would continue to inhibit MongoDB's long-term growth prospects, and that MongoDB would be unable to maintain its forecasted growth projections.

F. January 16, 2024 Needham Growth Conference

121. On January 16, 2024, the Individual Defendants participated in the Needham Growth Conference. During the conference, Tanjga responded to a question from Needham & Company Senior Analyst Michael Cikos about headwinds on deferred revenue associated with the Company's "shift away from a focus on big upfront commitments." Tanjga discussed these developments, in pertinent part, as follows:

> So as you know, Mike and [as] most investors know, we've been on a multiyear journey to reduce the importance of upfront commitment in the Atlas business. And this began in calendar 2020, actually, before COVID, because frankly, ***we saw in the data, the commitment introduces unnecessary friction to our sales process and slows it down and probably provide s[ub-]optimal customer experience and therefore was not additive to us in the purposes of maximizing long-term value***. But there was a number of steps on that journey, since 2020. But in the fiscal year '24, the year that we're about to finish here, we did arguably the biggest one, which is that we no longer pay on 1-year commitment.
>
> * * *
>
> [S]o far, up until this point, we made it more attractive to get paid on consumption, but still paid on commitment. Whereas this year, we say, oh, no, commitment, 1-year commitment, you don't get paid anymore. You signed a $5 million 1-year deal. It doesn't matter you will still only get paid on consumption related to that deal. And so why do we do that? Because again, with large commitments, we saw that there was still a source of friction and misaligning us with our largest customers. And now that we've built multiple years of success and showing to our reps that there's a reason

why we're doing this, and they will still do well and ***the company will do well***, we kind of took this big step.

122. Tanjga was also asked by Cikos about the "big change" to the sales organization the previous year and whether "there [are] any learnings" to keep in mind in terms of revenue, consumption, new workloads, or sales payouts. As reflected in the following exchange, Tanjga denied ***any*** negative impact from the Company's go-to-market sales compensation plan and instead misleadingly highlighted the "volume of new workloads . . . and how good we feel about that," as reflected in the following exchange:

Michael Joseph Cikos ***Needham & Company, LLC, Research Division - Senior Analyst***

Understood. And just last point here, and then we'll leave it. But is it fair to think, given -- I know you've been on a multiyear journey with this, but ***last year was a big change, right, for the sales organization***. So are there ***any learnings or anything we should keep in mind, again, when thinking about comparisons, whether on a revenue consumption basis and then new workloads or sales payout*** that occurred last year, which may not be recurring this year?

Serge Tanjga ***MongoDB, Inc. - VP of Finance and Business Operations***

No, not really. I would say that we've -- because it wasn't our first change, we've learned a decent amount about change management and how to implement this and roll this out in fiscal year '24. And that's frankly the reason why you do it over multiple years. You do it to build conviction that you're doing the right thing, but you're also doing it to like demonstrate to the sales force, like why you're doing it, and there's a rationale for this. And so -- ***and it wasn't actually terribly disruptive, given the size of the change that it was not in terms of sales attrition or anything like that***.

So ***it was a big change***. You see it flow through the financials. ***We also see it on the volume of new workloads, which is where we started the conversation and how good we feel about that***. But ***as you think about like what does that mean in terms of compares or mechanics of the financial model for next year, nothing particular to call out***.

123. The statements referenced above in ¶¶121-122 are false and misleading and omitted material facts because Defendants failed to disclose that:

(a) the compensation structure and go-to-market changes implemented at the beginning of FY 2024 that eliminated incentives for upfront commitments, compensated for new logos based on a pure unit-volume basis, and otherwise incentivized volume over quality, generated significantly reduced visibility into projected workload growth and a large number of new workloads that were consuming and growing at slower than historical rates, or not at all;

(b) they had already, and/or were in the process of, correcting course by changing their incentive compensation structure again to place more emphasis on the quality and growth-prospects of newly acquired workloads; and

(c) as a result of the foregoing, FY 2024 workloads were not exhibiting expected growth rates and would continue to inhibit MongoDB's long-term growth prospects, and that MongoDB would be unable to maintain its forecasted growth projections.

G. March 2024 Statements and Guidance

1. Q4 2024 Form 8-K

124. On March 7, 2024, the Company issued a press release, which it filed with the SEC as an exhibit to a Current Report on Form 8-K reporting financial results for Q4 2024 and fiscal year ending January 31, 2024 ("Q4 2024 Form 8-K"), and providing guidance for the upcoming quarter ("Q1 2025"). For Q4 2024, MongoDB reported total revenue of $458.0 million (a 27% year-over-year increase) and "***Continued Strong Customer Growth with Over 47,800 Customers as of January 31, 2024***," and that Atlas revenue was up 34% year-over-year and represented 68% of total Q4 2024 revenue. Ittycheria highlighted these results, remarking as follows: "MongoDB finished fiscal 2024 on a strong note, highlighted by 34% Atlas revenue growth and operating margin improvement of nearly five percentage points year-over-year. ***We continue to see healthy new workload wins*** as MongoDB's developer data platform increasingly becomes the standard for modern application development." The Q4 2024 Form 8-K stated that, for the following quarter,

MongoDB expected between $436.0 and $440.0 in revenue, Non-GAAP Income from Operations between $22 and $25 million, and Non-GAAP Net Income Per Share between $0.34 and $0.39. For the full fiscal 2025, MongoDB stated that it expected revenue of between $1.90 billion and $1.93 billion, Non-GAAP Income from Operation between $186 million and $201 million and Non-GAAP Net Income Per Share between $2.27 and $2.49 per share.

2. Q4 2024 Earnings Conference Call

125. Following the announcement of these results, Gordon and Ittycheria participated in an earnings conference call. During the call, Ittycheria positively characterized MongoDB's growth prospects for FY 2025. Ittycheria stated, as follows: "[W]e will remain ***singularly focused on new workload acquisition*** as a key long-term driver of our business. We will continue ***fine-tuning incentives*** to ensure that our entire go-to-market organization is focused on identifying and sourcing new workload opportunities." Ittycheria continued: "Stepping back and looking at fiscal '24 as a whole, I am proud of what we accomplished. . . . Atlas grew 37% year-over-year, and we added over 7,000 customers . . . . Finally, ***we continue to innovate on our go-to-market motion to drive workload acquisition***."

126. In a similar vein, Gordon relayed that the Company "had another quarter of ***healthy new business acquisition*** demonstrating [MongoDB's] product market fit and the ***mission criticality*** of [the] the platform" and that MongoDB "grew our customer base by approximately 1,400 customers sequentially, bringing our total customer count to over 47,800 which is up from over 40,800 in the year ago period. Of our total customer count, over 7,000 are direct sales customers which compares to over 6,400 in the year ago period." Ittycheria reiterated that the Company's "retention rates" remained strong through the fourth quarter, which he claimed "reinforce[ed] the quality of our product and the ***mission criticality*** of our platform."

127. In describing MongoDB's quarterly results, Ittycheria specifically characterized the Company's consumption growth as "stable":

> Second, ***I see stable consumption growth going to next year***. Atlas consumption trends have been steady for several quarters now and we experienced less consumption variability in fiscal '24 compared to fiscal '23. Ultimately, the main driver of Atlas consumption is the growth in the underlying application usage, and ***we see stable growth -- stable usage growth across our portfolio of workloads***.

128. Ittycheria further claimed that management expected "the environment in fiscal '25 to be largely similar to the environment we experienced in fiscal '24." He continued: "Let me wrap up by saying that I remain ***highly confident about our ability to execute on our long-term growth opportunity***. We are pursuing one of the largest and fastest-growing markets in all of software, with significant expansion opportunities in both new and existing customer accounts."

129. Gordon echoed Ittycheria's representations regarding the Company's guidance, stating: ***"[W]e expect Atlas consumption growth to be in line with the consumption growth we've experienced in fiscal '24."*** In response to a question from Morgan Stanley VP Sanjit Kumar Singh about MongoDB's guidance, Gordon stated that he has "higher confidence" in the FY 2025 guidance given stable consumption, as follows:

> I think the key thing is, once you adjust for those onetime items that we called out, ***we see a stable environment***. That's what we described in and experienced in Q4 compared to Q3. So we feel good about that. I think just to underscore, there's the $80 million in revenue that won't repeat both from the unused commitments as well as from the multiyear deals. And when you adjust from those, we feel good about the dynamic. To your question, which is sort of embedded in that around sort of, I'll call it, guidance approach or approach to guidance. We haven't changed our view as it relates to guidance. ***We have seen more stable consumption that obviously gives us higher confidence in part***, given the less variability that we've seen over the course of fiscal '24.

130. Gordon commented on MongoDB's prospective performance for FY 2025, concluding that "***Atlas looks consistent from a consumption growth standpoint***. And that's in line with the stable trends we've seen over the course of fiscal '24, so we're using those fiscal '24

numbers." In responding to a question from Piper Sandler MD & Senior Research Analyst Brent Alan Bracelin about confidence in the Company's guidance, the following exchange took place:

> **Brent Alan Bracelin** ***Piper Sandler & Co., Research Division - MD & Senior Research Analyst***
>
> Michael, we're going to stick with the guide seen here. If I look at last year, you guided to, I think, 16% growth. You ended up doing 31% for the full year. Even if I take out the $80 million tailwind, you talked about, that's still 25% growth. You're guiding to 14% growth this year, again 5% headwind, so closer to 19% organically. ***Are you more confident kind of going into this year than last year just as you think about the trends***? Is the 14% comparable to the 16% initial guide last year? Is it really more like 19% adjusted basis comparing to 16%? I know it's a little confusing, but getting a lot of questions on it.
>
> **Michael Lawrence Gordon** ***MongoDB, Inc. - COO & CFO***
>
> Yes. No, it's fine. I go back to what I said in response, I think it was to Sanjeet's question. There's been no fundamental change or approach in terms of how we're looking and determining our guidance. ***I do think to the confidence point, I think that, that is correct. We do have more confidence. We have more data***. We -- if you think back a year ago, as one of the questions indicated, there was much more macro uncertainty. I think over the course of fiscal '24, we saw narrower variability. We saw more consistent results ***that does give us increased confidence***. I think we also have another year under our belt in terms of understanding the seasonality trends of Atlas.

131. Regarding the Company's expected financial performance for FY 2025, Ittycheria told investors: "We do expect fiscal '25 to play out similarly to fiscal '24 with a healthy new business and a stable consumption – and stable consumption trends."

132. Gordon reiterated the guidance provided in the Q4 2024 Form 8-K, as follows:

> For the first quarter, we expect revenue to be in the range of $436 million to $440 million. We expect non-GAAP income from operations to be in the range of $22 million to $25 million and non-GAAP net income per share to be in the range of $0.34 to $0.39 based on 83.8 million estimated diluted weighted average shares outstanding. For the full fiscal year 2025, we expect revenue to be in the range of $1.9 billion to $1.93 billion, non-GAAP income from operations to be in the range of $186 million to $201 million and non-GAAP net income per share to be in the range of $2.27 to $2.49 based on 85.1 million estimated diluted weighted average shares outstanding.

133. The statements referenced above in ¶¶124-132 are false and misleading and omitted material facts because Defendants failed to disclose that:

(a) the compensation structure and go-to-market changes implemented at the beginning of FY 2024 that eliminated incentives for upfront commitments, compensated for new logos based on a pure unit-volume basis, and otherwise incentivized volume over quality, generated significantly reduced visibility into projected workload growth and a large number of new workloads that were consuming and growing at slower than historical rates, or not at all;

(b) they had already, and/or were in the process of, correcting course by changing their incentive compensation structure again to place more emphasis on the quality and growth-prospects of newly acquired workloads; and

(c) as a result of the foregoing, FY 2024 workloads were not exhibiting expected growth rates and would continue to inhibit MongoDB's long-term growth prospects, and that MongoDB would be unable to maintain its forecasted growth projections.

H. May 2, 2024 Keynote Session MongoDB NYC

134. On May 2, 2024, the Individual Defendants hosted a Keynote Session at MongoDB.local NYC. Gordon represented to investors that the Company's acquisition of new workloads were contributing to stable growth in fiscal 2024:

> And as we've said before, ***those new workloads grow more quickly initially***. So what you can see here is if we add in the green, you'll see the impact of new workloads that we add in the first 4 quarters, right? So this is just an 8-quarter view. And what you can see is ***as you add in those first workloads, they sort of are accretive to growth, right? They're adding to the growth rate***. And then subsequently, the blue lines, which I'll sort of fill in here are the impact of new workloads that you add in quarters 5 through 8.
>
> And so in aggregate, again, we're ignoring seasonality, this is sort of illustrative. But what you can see here is the result of the stable growth is a result of a mix of workloads, existing workloads, new workloads and everything else. And so theoretically, if you take that kind of theoretical construct, and you apply it practically, ***what that meant in fiscal '24 was the workloads that we acquired***

> ***during the year in addition to those that we acquired in the year before***, just to keep this 8-quarter view consistent, ***contributed to the stable growth that we saw in fiscal '24 relative to fiscal '23***.

135. The statements referenced above in ¶134 are false and misleading and omitted material facts because Defendants failed to disclose that:

(a) the compensation structure and go-to-market changes implemented at the beginning of FY 2024 that eliminated incentives for upfront commitments, compensated for new logos based on a pure unit-volume basis, and otherwise incentivized volume over quality, generated significantly reduced visibility into projected workload growth and a large number of new workloads that were consuming and growing at slower than historical rates, or not at all;

(b) they had already corrected course by changing their incentive compensation structure again to place more emphasis on the quality and growth-prospects of newly acquired workloads; and

(c) as a result of the foregoing, FY 2024 workloads were not exhibiting expected growth rates and would continue to inhibit MongoDB's long-term growth prospects, and that MongoDB would be unable to maintain its forecasted growth projections.

VI. POST-CLASS PERIOD EVENTS

136. Following the revelations of slower workload growth and the resulting lowered guidance at the end of the Class Period that shocked the investing public, *supra* §IV.I, defendants Gordon and Tanjga participated in the June 4, 2024 Baird Technology Conference and June 5, 2024 Blair Growth Conference, where they spoke further about the reasons for the slowdown and guidance revision. During the Baird Technology Conference, Gordon admitted that the first quarter of FY 2025 "was ***not our best quarter***," and explained that "[i]f I think about some of the things that didn't go as well in the quarter, we saw ***slower growth*** from existing applications" and "we had some ***self-inflicted operational missteps*** in the first quarter" resulting in "a little slower start

operationally from a new business standpoint." Tanjga responded to a follow-up question about the impact from the "self-inflicted" go-to-market issues and macroeconomic climate by acknowledging that, in the context of MongoDB's lowered guidance, "the ***most [important] thing for the investors who closely followed the stock has been the fact that we lowered the guide*** for the full year."

137. Tanjga addressed MongoDB's earnings for first quarter of FY 2025 and specifically called out the importance of the FY 2024 workloads given their contribution to growth, and admitted that the resulting operational delays from the adjustments to MongoDB's sales structure that would "stay with us for the rest of the year":

> [I]f you talk about Atlas . . . there's three components . . . First is the macro component. So we've seen slower usage than a year ago and therefore, slower growth of our assumption, and that's pretty uniform across the base . . . What we see right now isn't quite as star[k] [a]s what we saw two years ago . . . So that's bucket number one.
>
> Bucket number two is we called out ***specifically workloads that we've acquired last year*** so a subset of the base. ***They are important because they are still meaningful contributors to growth this year because they're still in the healthy growth phase. We've seen those grow more slowly than we've expected***. So that's another element of contribution.
>
> And then the third is [] on the Atlas side, that Michael was talking about, was the fact that we didn't quite deliver on our new business targets for Q1. We're not changing our new business outlook for the rest of the year, but that missing piece will ***stay with us for the rest of the year***.
>
> * * *
>
> [J]ust following up on what Michael has said, ***operationally, we were a little slower to start the year***. So just in terms of just blocking and tackling that you got to do at the beginning of the year ***in terms of finalizing territory, is finalizing more structure, issuing final quota numbers***. We were just a little bit slower by in the quarter of 12 weeks that matters. And so because of that, we didn't quite get -- hit the ground running with our sales team the way that we would do in a normal year.

138. Gordon, in turn, responded to a question from senior research analyst William Power asking about whether MongoDB's go-to-market efforts in 2023 "emphasize[d] ***quantity over***

quality," and provided further detail regarding MongoDB's go-to-market changes in FY 2024 and the resultant lack of visibility into workload growth potential:

> Yeah. So maybe a few different things to think about . . . Because newer workloads tend to grow more quickly, that's an important driver of our outlook for fiscal '25 as Serge walked through. And so I would put this in the category of we continue to learn and iterate, and we've been in a multiyear journey to consumption and to workload focus and reducing the importance of upfront commitments.
>
> * * *
>
> And so we did is the final piece of that multiyear journey, which we started before COVID hit and everything else, was removing the incentives for one-year commitments that sales reps have. And so -- and instead really focusing them on workloads. If you think about a Rep's comp plan, simplistically, they're two components, right? They're the net dollars of ARR that I drive and what's the new business that I'm driving.
>
> And then as we were continuing to iterate on this evolution, a quantity of workloads, right, that you had to acquire. And what we saw is that in reducing the commitment emphasis that sales reps wound up getting the velocity benefits that we wanted, right? We had a great year in fiscal '24 in terms of winning new workloads, right? We talked about that throughout. And so we got the pay off or the benefit that we did.
>
> There's one thing we learned, and like I said, I put this in the category of unintended consequences that as a result of us now not having this long, protracted, time-consuming, inefficient conversation, I also ***missed some specific data about the application***, right? So I want a quantity of workloads. And our plan or our thought process had been, you win a portfolio of workloads and they'll look like a normal portfolio of workloads.
>
> What ends up happening is ***if you don't get some of that information, and the workload part of your comp plan is only focused on a uniform dollar threshold of like you need to be above the spend level in order to qualify, there wasn't enough of a mix of the workloads***. And so the ***tweak*** that we made to the current comp plan is same setup, same structure, but instead of just saying, okay, x number of workloads and then it goes to plan is like ***we're going to specify the portfolio***. You're going to get two of them have a minimum spend of this and three that have a minimum spend of that and two have the spend of that to ***force the portfolio that was happening naturally and organically previously***, but there's a chance that the focus and the evolution to workloads, you may be ***over-rotated too much to volume*** in part because you just didn't know because you weren't having that conversation and you couldn't say, hey, what's the -- ***what are the highest growing workloads going to be***? What are the biggest, largest workloads going to be? . . . We put that in place in Q1.

139. At the Blair Growth Conference, Gordon further analyzed how MongoDB's shift away from upfront commitments caused MongoDB sales representatives to have significantly reduced visibility into customers' growth projections and consequently, resulted in the acquisition of low-quality workloads. Gordon also discussed the changes Defendants made in the first quarter of FY 2025 to correct the problematic incentive structure. Gordon explained, as follows:

> But the core of it is we have this very large market. We have a relatively small footprint of sales coverage relative to the opportunity. And particularly when you think about negotiating a contract, and Jason, if you're about to launch an application and my incentive as a sales representative is focused on maximizing our commitment, ***you and I are going to do a whole bunch of rounds where we're going to negotiate and trade red lines***.
>
> And I'm going to try and get you to commit to a higher spend level than you're used to or want to, and you don't even know because it's a new application and we'll go back and forth. . . . It has the very specific and strategic purpose of synthetically expanding the capacity of our sales force, right? Because like increase velocity, do more deals with less time spent per deal that will allow us to capture more market share . . .
>
> So this past year, in fiscal '24, we took one of the final key steps for that, which you remove the incentive for sales representatives for selling one-year commit deals, right? And so again, the final piece of that is in that focus on workloads and let's focus on workloads and let's not worry about big commitment deals that could span multiple workloads, but let's go win as many workloads as we can.
>
> * * *
>
> But what we're starting to see is some of those cohorts were growing. ***The growth was [s]lowing sooner than normal. They weren't exhibiting the typical pattern or trajectory***. . .
>
> Again, if Jason and I are negotiating a deal, ***if I'm not looking for a commitment, I'm going to lose a whole bunch of information or not have access to a whole bunch of information, not gain a whole bunch of information that Jason is going to disclose to me as we're going back and forth and negotiating***.
>
> And so I just went in and grabbed a handful of workloads, right? And they w[ound] up not having what I'll call like a representative portfolio of growth. And so the change that we made coming into this coming year was to be a little bit more prescriptive and not just ensure that you're looking only for workloads and to ***recognize that not all workloads are created equal*** but be a little bit more prescriptive to say, let's get some that look like A, let's call these T-shirt sizes, some

> medium, some larges and some extra larges rather than just saying, a bunch of mediums or better.
>
> And these are minimum dollar spend thresholds that qualifies workloads. So that was a tweak that we made based on what we're seeing. . .

140. Gordon further elaborated on the Company's efforts to remediate the slow-growing workloads for FY 2025, explaining that while Defendants typically only change their compensation plan once at the beginning of each fiscal year, the FY 2025 change was implemented "effectively in Q1." Gordon also acknowledged that Defendants had "incremental data" that "verified" – just over ***a month*** after the close of the quarter – that the recent adjustments to the compensation plan were, in fact, "a good change to make":

> So we make all the comp plan changes at the beginning of the year, something that got implemented effectively in Q1. But those are -- and part of the reason why you do it is comp plans or annual plans. You don't always have all the information that you need at the time, but you've got your one (inaudible) a year to have a chance to go do that.
>
> And so each year, we take our best guess and say, okay, what are the tweaks that we want to make this year to try and improve the outcomes? Obviously, ***some of the incremental data after comp plans are rolled out, you get incremental data, right? And so we continue to get data, and I think it's verified that this is a good change to make***.

141. Analyst Jason Ader asked Gordon whether this was "one of the reasons why it took a little bit longer to get rolling on the comp plans" for FY 2025. While Gordon evaded "direct[ly] linking them," he explained that he "think[s] about it more in the context, fiscal '24 was the first year that we had a workload-oriented model plan and all the associated territories and everything that goes with that." Gordon continued that "this past fiscal year, it was the first year we've got new data and so it's the part of doing comp plans and everything for fiscal '25. We actually had some data to debate and try and interpret and get into. And so it's not exactly related to what you're describing. But in general, that was an adjustment period that we just took too long to do that."

142. On June 13, 2024, Needham released a report in response to a "large volume of inbound client interest on MongoDB as a result of the sharp downward reset to its shares and underperformance post-earnings." The report addressed the various factors that negatively impacted MongoDB's stock price. Needham attributed the growth slowdown in the FY 2024 workloads to the sales team "over-indexing" toward volume rather than the quality of the workloads, as follows:

> [M]anagement determined the FY24 workload vintage was lower caliber as a result of the sales team over-indexing toward winning a greater *volume* of workloads at the expense of acquiring *quality* workloads. As a result, the FY24 vintage is lower quality, which will impact MongoDB's Revenue base in FY25 and FY26[.]

143. Significantly, the Needham report made clear that the macroeconomic conditions did not cause the poor performance of the Company's new workloads, finding that "[i]nvestors are having difficulty internalizing macro commentary given the ***self-inflicted damage*** related to go-to-market changes, ***especially compared to relatively stronger results from companies like ServiceNow, Datadog, Confluent and Elastic***."

144. On September 4, 2024, at the Citi Global TMT Conference, Gordon addressed the consequences of MongoDB's shift away from incentivizing upfront commitments and the "slower growth characteristics" from the low-quality workload acquisitions that contributed to Defendants' lowered guidance:

> The other thing to the Q1 piece that we called out was that ***the workloads that we've won in fiscal '24, [were] exhibiting slower growth characteristics than what we would have expected***. Part of that is a result of every year, we make sales compensation changes, and we've been on this sort of multiyear journey to reducing friction. And we took another step in that in fiscal '24, which reduced the incentives or eliminated the incentives for upfront commitments. And so as a result, we end up having some unintended consequences, whereby ***sales reps were focusing on winning new volume of workloads, but without necessarily fully appreciating or qualifying their growth potential.*** And so as those fiscal '24 cohorts are growing at a slower rate than we expected, ***that was part of what we called out and observed in Q1 and updated our guidance***.

145. On December 26, 2024, *Seeking Alpha* published an article entitled "MongoDB's Growth Rate Inflection: Just Over the Horizon," that provided an in-depth analysis of the Company's "current ***growth malaise***" and "pivot[] towards enterprise clients." The article extensively quoted Gordon's comments during MongoDB's earnings call for the first quarter of FY 2025, including his statements that both the macroeconomic environment and Defendants' go-to-market changes caused the slowed growth rates of the "more recently acquired workloads." Like the June 2024 Needham report, the author cast doubt on Gordon's attribution of the slowed growth to the macroeconomic environment as follows:

> It is a bit difficult from this to understand why it happened precisely when it did. . . . ***Honestly, the macro environment last spring didn't get worse for most IT companies-the environment uniquely got worse for Mongo***. Mongo is hardly the only company that has seen this kind of slowdown: ***what was surprising was that the slowdown took place in the April 2024 ending quarter when other companies with a consumption revenue model were reporting either stability or some kind of growth recrudescence***.

146. The article noted that MongoDB performed poorly relative to its competing peers that were subject to the same macroeconomic conditions, stating that: "[o]ther companies such as Datadog (DDOG), Confluent (CFLT), and Snowflake (SNOW) have seen consumption trends stabilize or even start to grow. And of course, the hyperscalers and Oracle (ORCL) have clearly seen positive trends in consumption." The article went on to state that "[t]he overall demand environment hasn't really changed; current Mongo results simply reflect that smaller users are not expanding their new application usage at levels that had been traditional."

147. Finally, on December 9, 2024, longtime MongoDB CFO and COO, defendant Gordon, unexpectedly announced he was leaving the Company, causing the Company's stock to drop sharply again. Defendant Gordon's resignation announcement occurred at a time when MongoDB's disappointing performance and downward revenue revision continued to have the market questioning the Company's growth story, as discussed *supra*.

VII. ADDITIONAL SCIENTER ALLEGATIONS

148. Defendants knew, or recklessly disregarded, that the public documents and statements they issued or disseminated in the name of the Company or in their own name during the Class Period were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. Defendants, by virtue of their receipt of information reflecting the true facts regarding MongoDB, their control over and/or receipt and/or modification of the Company's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning MongoDB, were active and culpable participants in the fraudulent scheme alleged herein.

149. Defendants knew and/or recklessly disregarded the falsity and misleading nature of the information that they caused to be disseminated to the investing public. The fraudulent scheme described herein could not have been perpetrated during the Class Period without the knowledge and complicity or, at least, the reckless disregard of the personnel at the highest levels of the Company, including the Individual Defendants.

150. Likewise, the Individual Defendants, by virtue of their high-level positions within the Company, directly participated in the management of the Company, oversaw the Company, were directly involved in the day-to-day operations of the Company at the highest levels, and/or were privy to confidential proprietary information concerning the Company and its business, operations, financial statements, and financial condition, as alleged herein. The Individual Defendants had the ultimate authority over and/or were involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein, were aware, or recklessly disregarded, that the false and misleading statements regarding the Company were being issued, and

approved or ratified these statements, in violation of federal securities laws. At a minimum, the Individual Defendants failed to review or check information that they had a duty to monitor, or ignored obvious signs that their statements were materially false and misleading or contained material omissions. Given the nature and extent of the problems with the Company's new workload growth, the Individual Defendants' Class Period statements were made with knowledge of their falsity and/or reckless disregard of their truth.

151. The allegations above also establish a strong inference that MongoDB, as an entity, acted with corporate scienter throughout the Class Period because its officers, directors, management and agents had actual knowledge of the misrepresentations and omissions of material facts set forth herein (which they had a duty to disclose), or acted with reckless disregard for the truth because they failed to ascertain and to disclose such facts, even though such facts were available to them. Such material misrepresentations and/or omissions were made knowingly and/or with recklessness, and without a reasonable basis, for the purpose and effect of concealing from investors MongoDB's true operating condition and its present and expected financial performance. By concealing these material facts from investors, Defendants maintained and/or increased MongoDB's artificially inflated common stock price throughout the Class Period.

152. As executives and/or directors of MongoDB, the Individual Defendants are candidates for imputing corporate scienter to MongoDB.

A. The Individual Defendants Closely Tracked Atlas Workload Consumption and Growth

153. The Individual Defendants closely monitored and analyzed MongoDB's Atlas business because it was a key growth driver and comprised a large percentage of the Company's revenues (70% by the end of the Class Period). *See supra* §§IV.A- IV.C. Atlas growth depends on customers' consumption of MongoDB's platform, which is based on the underlying customer usage.

MongoDB's sales organization and the Individual Defendants tracked both consumption and usage to ensure that the Company would continue on its impressive growth trajectory. The Company used various internal tools to track new workload consumption, trajectories, and trends, including a software program – Salesforce – which updates consumption ***daily*** and at the end of ***every quarter*** and records the consumption of customers and workloads over time. As Gill – the long-time head of sales and fourteen-year veteran of MongoDB (and just the eighth Company hire) – explained, the sales team tracked workload consumption over ***90-day periods***, making "broad portfolio" forecasting "***easier to predict***" at the "SVP or CRO level" (*i.e.*, at defendant Tanjga and CRO Pech's level), as each quarter progresses and the "actual[]" consumption "converges" with the historical consumption.

154. Gill made clear that management quickly obtained feedback regarding the performance of FY 2024 new workloads – which were acquired following the revamped sales compensation structure beginning in February 2023[23] – and ***admitted*** that, as of November 1, 2023 (just six months after the close of the first quarter of FY 2024), "a lot of reps" acquired new logo (*i.e.*, customer) workloads that were not consuming at historical levels, and, in fact "***never even actually consumed***" at all. *See supra* ¶¶50-51. Gill also acknowledged that, at that time, the Company had ***already implemented changes*** to the incentive compensation plan (and in fact, multiple iterations of changes) to remediate the problems with new Atlas workload consumption – a process that would have most likely taken weeks if not several months to design and implement.

[23] Defendants invariably acknowledged that the slowed growth of new Atlas workloads was largely attributable to workloads acquired pursuant to the sales compensation plan launched at the beginning of FY 2024 (February 1, 2023). For example, in the Company's May 30, 2024 earnings call, Ittycheria stated the slow growth of the new Atlas workloads was "partly due to the go-to-market changes [Defendants] instituted ***last year***." Gordon likewise made clear that "when we talked about workloads slowing down or growing more slowly, we're talking about the workloads predominately ***from last year and before***." Gill also confirmed that the Company removed incentives for upfront commitments and "went full in on consumption ***at the beginning of this year*** [2023]" and that the go-to-market strategy of landing "as many new logos as possible" was an approach undertaken by the Company "***at the beginning of our fiscal year*** [February 2023]." *Rethinking Sales Compensation for a Consumption-Based GTM with MongoDB*, Nov. 1, 2023, *supra* n.5.

This rollout was unorthodox given that, as Gordon and Tanjga told investors, MongoDB typically only changed its compensation plan "once a year." Thus, by November 2023, Defendants knew that the Company's initial go-to-market strategy for FY 2024 had failed and had already implemented, or was in the process of implementing, corrective changes mid-year.

155. Ittycheria had extensive involvement in and knowledge of MongoDB's sales operations and go-to-market efforts, including regarding the incentive strategies for acquiring new workloads and data used to forecast business with input from sales leaders like Gill. Ittycheria's first task as CEO of MongoDB was "fixing sales" and improving the collection and analysis of "feedback from its sales organization." *See supra* ¶57. His stated goals were to "get [MongoDB's] go to market execution sound," "be able to forecast the business," "meet and exceed those forecasts," and "rebuild how [MongoDB] prosecuted deals." *Id*. Toward that end, Ittycheria was deeply involved in monitoring the details of the sales and forecasting process. In fact, it was Ittycheria's practice to meet with the head of sales on a ***weekly*** basis to discuss forecasting and visibility for the upcoming quarter. As he explained, "***the forecast is really important*** . . . ***In my weekly staff meeting, one of the first things on the agenda is our head of sales reviews the forecast for the current quarter***." ¶58. He also attended in-person "quarterly review sessions" (QBRs) and/or "sales forecast reviews" with the head of sales, Gordon, and MongoDB's sales leaders to discuss the Company's performance during the quarter and upcoming year. ¶59.

156. According to Ittycheria, "the most important, or the most salient metric for any organization . . . not just with sales but with the whole organization is ***sales productivity***." ¶58. As such, he tracked sales representatives' productivity "ramp times" and broad-based sales performance, including the percentage of sales representatives who were hitting their quotas. Ittycheria elaborated on this point in a pre-Class Period interview, stating: "***[w]e have now a lot of***

data in terms of productivity, our salesforce, what the ramp times are, et cetera. So we think about how quickly we can grow our top line relative to our productivity and how fast we can hire. That kind of drives our top line forecast." ¶59. He also said during the Class Period that MongoDB's consumption business provides a "***real time view of demand,***" which allowed the Company to "engag[e] with the customers almost on a daily, worst case weekly, basis to understand what's going on." ¶60. During MongoDB's first quarter earnings call for FY 2024, Ittycheria claimed that MongoDB's access to data enabled the Company to not "just focus on acquiring" new workloads, but also ensured "that those workloads ***grow*** well." ¶87.

157. Gordon and Tanjga also had extensive familiarity with MongoDB's go-to-market strategy, consumption data, and workload growth. Gordon explained that management "***continually review[s] and analyze[s] product usage signals to determine the growth potential of our customers***." ¶61. Similarly, Tanjga acknowledged that detailed workload consumption data provided Defendants with the ability to confidently forecast workload growth, stating "***we have access to a tremendous amount of data***, and we try to become more intelligent over time as ***we use that data and usage patterns to judge our customers' potential***. And so -- and it's an ongoing process, but what we've particularly become ***more comfortable*** over time is our ability to call when we see that there's incremental workload potential in the account." ¶62.

158. In the months following the Class, Period, Defendants made clear that their efforts to correct the incentive strategy they initiated in FY 2024 were bearing fruit. During the June 2024 William Blair Growth Stock Conference, defendant Gordon underlined the importance of "***incremental data***" that Defendants used to assess the performance of MongoDB's FY 2025 incentive compensation plan. He explained that, after Defendants revised MongoDB's incentive plan, the incremental data they received ***already*** "***verified***" that this correction was a "good change

to make." In other words, Gordon admitted that, based on incremental data, Defendants ***already knew***, as early as June 2024, that the revised compensation plan, initiated only a few months earlier, was in fact improving new workload consumption growth. This suggests that, by the beginning of the Class Period (June 1, 2023), Defendants had access to data regarding new workload acquisitions from the first quarter of FY 2024 that would have enabled them to "verify" whether the sales compensation plan was in fact working. As Defendants belatedly revealed, it was not. *See supra* §IV.I.

B. Gordon and Ittycheria Collected Over $234 Million in Suspicious Insider Trading

159. Defendants were further motivated to engage in the fraudulent course of conduct in order to enable Company insiders, including defendants Ittycheria and Gordon and the Company's CRO, Pech, to collectively sell hundreds of millions of dollars' worth of their personally held MongoDB common stock. As set forth below, during the Class Period, Ittycheria, Gordon and Pech collectively sold over 676,000 MongoDB shares to the unsuspecting investing public while in possession of material non-public information regarding the performance of the newly acquired Atlas workloads, and earned gross proceeds in excess of ***$254 million***. Ittycheria and Gordon alone sold over ***$234 million*** worth of MongoDB stock during the Class Period.

Insider	Transaction Date	Shares Sold	Proceeds
Ittycheria, Dev (Chief Executive Officer)	06/01/2023	20,000	$5,746,448
	07/03/2023	4,226	$1,719,098
	07/05/2023	50,000	$20,353,296
	09/26/2023	134,000	$43,845,181
	10/02/2023	4,567	$1,563,755
	11/01/2023	33,500	$11,317,534
	11/07/2023	100,500	$37,687,500
	12/01/2023	33,000	$13,811,148
	01/02/2024	36,876	$14,327,958
	02/01/2024	33,000	$13,390,563
	03/01/2024	33,000	$14,478,288

Insider	Transaction Date	Shares Sold	Proceeds
	04/02/2024	17,160	$5,973,591
		499,829	**$184,214,360**
Gordon, Michael Lawrence (Chief Financial Officer and Chief Operating Officer)	07/03/2023	2,197	$893,723
	09/14/2023	5,000	$1,854,119
	10/02/2023	7,394	$2,552,434
	11/01/2023	5,000	$1,690,079
	11/13/2023	5,404	$2,076,649
	11/14/2023	5,038	$2,005,577
	11/20/2023	21,496	$8,820,239
	11/21/2023	5,830	$2,394,861
	11/22/2023	10,097	$4,140,073
	11/27/2023	7,577	$3,106,797
	11/29/2023	5,608	$2,321,207
	11/30/2023	5,279	$2,308,397
	01/02/2024	1,849	$747,718
	02/05/2024	5,306	$2,381,214
	02/08/2024	10,000	$4,698,422
	02/09/2024	10,000	$4,860,357
	04/02/2024	9,316	$3,243,065
		122,391	**$50,094,932**
Pech, Cedric (Chief Revenue Officer)	07/03/2023	360	$146,443
	07/05/2023	2,738	$1,112,121
	07/06/2023	15,000	$5,971,125
	09/07/2023	16,143	$6,115,921
	09/27/2023	308	$100,491
	09/29/2023	308	$108,739
	10/02/2023	360	$123,263
	10/03/2023	1,212	$413,316
	10/06/2023	1,212	$424,200
	11/14/2023	1,563	$625,200
	01/02/2024	360	$145,593
	01/03/2024	2,422	$905,247
	01/16/2024	1,248	$499,200
	04/02/2024	1,430	$497,794
	04/03/2024	4,726	$1,622,719
	04/04/2024	4,726	$1,654,100
		54,116	**$20,465,473**
	Grand Total	**676,336**	**$254,774,765**

160. Ittycheria and Gordon's sales of personally held MongoDB shares during the Class Period were highly unusual both in amount and timing. Ittycheria sold approximately $184.21 million worth of MongoDB common stock – 68% of his holdings – earning nearly double the proceeds he gained from his MongoDB stock sales during the preceding twelve months. Likewise, Gordon sold approximately $50.09 million worth of MongoDB common stock – 59% of his holdings – earning nearly ***18 times*** the proceeds he gained from selling MongoDB stock during the preceding twelve months. Pech, in turn, sold $20.47 million work of MongoDB common stock – ***92%*** of his holdings – earning nearly 2.5 times the proceeds he gained from selling MongoDB stock during the preceding twelve months.

161. As Defendants continued to track real-time consumption data for their weekly and quarterly forecasting and received feedback regarding the stagnant growth of the new workloads, Ittycheria, Gordon, and Pech began unleashing their personally-held stock. All the while, Ittycheria and Gordon made bullish statements to the market about the success of the Company's new strategy. For example, on August 31, 2023, Ittycheria claimed that the Company's removal of incentives for upfront one-year commitments "positions us ***better*** for the longer term by accelerating workload acquisition" and that the Company's "efforts to reduce friction are resulting in ***more efficient growth***." Similarly, on September 6, 2023, he reiterated that he was "pleased by the velocity of workloads that we're acquiring" and that the impact from those workloads should "really show up" in the future. The following day, Pech made his largest Class Period sales, collecting over $6 million in proceeds on a single day. Only a few weeks later, on September 26, 2023, Ittycheria sold 134,000 MongoDB shares for proceeds of over ***$43 million*** on a single day (his largest single-day proceeds).

162. Moreover, between September 14, 2023 and December 1, 2023 alone – a period of just 11 weeks – Ittycheria and Gordon collectively unleashed over ***70%*** of their total Class Period shares sold for proceeds of over ***$140 million*** while in possession of material non-public information. Ittycheria and Gordon sold ***$49 million*** and ***$28 million*** worth of stock, respectively, in the month of November alone, precisely the point in time when Gill admitted that, "a lot of reps" had ***already*** acquired new logos "that never even actually consumed" – let alone consumed at historical levels – and that multiple iterations of incentive compensation changes had ***already*** been rolled out course-correcting the failed plan that launched just nine months earlier. Additionally, Ittycheria and Gordon engaged in another round of insider trading over a nine-day stretch when MongoDB's shares were trading at or near the Class Period high of $500 per share, collectively earning over ***$25 million*** in proceeds from these sales.

163. All told, Ittycheria, Gordon, and Pech sold over ***$250 million*** worth of stock during the Class Period, when Defendants had access to information that the new workloads were growing more slowly than predicted and the public did not.

C. MongoDB's Go-To-Market Efforts and New Workload Acquisitions Were the Cornerstone of Its Operations

164. The acquisition of new workloads and the go-to-market strategies that Defendants implemented were core operations of MongoDB and key drivers of the Company's long-term growth. *See supra* §§IV.B-IV.C. Gordon said that the "***whole company is oriented around winning more workloads***," and that acquiring workload is a "focus across the whole company." Ittycheria described that: "[o]ver the last few years, ***we have oriented our entire company around winning more workloads***" and that management "remain[s] focused on our ***North Star***, which is acquiring new workloads, both from new [] customers and existing customers," which is as "a ***key long-term driver*** of our business." Ittycheria likewise explained that Defendants' "attention and focus" is

singularly aimed at workload acquisitions: "It's all about acquiring workloads, so our incentive mechanisms, ***management attention and focus*** is all about this North Star about acquiring new workloads." Thus, the Individual Defendants had access to information about the main driver of the Company's long-term growth, which was a key focus of the Individual Defendants' attention.

VIII. LOSS CAUSATION AND ECONOMIC LOSS

165. During the Class Period, as detailed herein, Defendants made false and misleading statements and/or omitted material information, and engaged in a scheme to deceive the market and a course of conduct that artificially inflated the prices of MongoDB securities and operated as a fraud or deceit on Class Period purchasers of MongoDB securities by misrepresenting the Company's business, operations, and prospects. In fact, buoyed by Defendants' misrepresentations, MongoDB common stock reached a high of $500 on February 9, 2024. Later, as the falsity of Defendants' statements were revealed to investors, the prices of MongoDB securities fell as the artificial inflation dissipated. As a result of their purchases of MongoDB securities during the Class Period, Plaintiffs and other Class members suffered economic loss, *i.e.*, damages, under the federal securities laws.

166. The market for MongoDB securities was open, well-developed and efficient at all relevant times. As a result of Defendants' materially misleading statements and failure to disclose the true state of the Company's business, operations, and prospects, MongoDB securities traded at artificially inflated prices. Plaintiffs and other Class members purchased MongoDB securities relying upon the integrity of the market for MongoDB securities and suffered economic loss as a result thereof. Defendants' false or misleading statements or omissions had the intended effect and caused MongoDB securities to trade at artificially inflated levels.

167. On May 30, 2024, after trading hours, MongoDB announced reduced growth expectations, lowering its guidance to approximately 12% growth at the midpoint. As Tanjga later

acknowledged about the Company's announcement, "the most [important] thing for the investors who closely followed the stock has been the fact that we lowered the guide for the full year." Analysts noted that MongoDB's FY 2025 guidance was $53 million below analysts' consensus estimates, and that the "slower-than-expected consumption growth from the cohort of workloads acquired last year [] attributed to sales comp changes last year," along with the resulting operational delays in the first quarter, were largely to blame. *See supra* ¶¶79-81. Analysts quickly observed the negative impact of the decreased guidance and identified the low-quality and poor growth of newly acquired workloads as the cause. Needham, for example, found that "the company noted ***slower growth from newly acquired workloads***, which we see as an outcome of its go-to-market initiatives to accelerate adoption that saw the sales organization aggressively acquire workloads without considering quality." It went on to say that "***[t]hese self-inflicted dynamics combined with macro headwinds were definitively unexpected, and drove MDB's shares 25% lower in the after-market*** . . . ."

168. Similarly, in reference to MongoDB's stock drop, William Blair was "not surprised to see the reaction to below-consensus guidance across the board," and pointed out that a key contributing factor to this was that "***new workloads brought on in fiscal 2024 had lower quality and growth characteristics, which has led to slower consumption growth than expected***." Wedbush zeroed in on the Company's admission that "***there appears to be an issue with the quality of workloads acquired last year and some fine-tuning that is planned for this year that could impact growth***." Importantly, MongoDB's marked slow-down of its workload consumption led analysts to question MongoDB's long term growth prospects. Guggenheim queried whether "MongoDB is even a 20% grower this year." Likewise, Oppenheimer described Defendants' explanation of the "***surpris[ing]***" guidance cut as a "***mis-execution [that] is out of character and demands attention***."

William Blair further stated that this "caused management to quickly tweak the comp plan to incentivize larger, higher-growth workloads going forward."

169. In response to the news, the price of MongoDB common stock declined $73.94 from $310.00 per share on May 30, 2024, to $236.06 per share on May 31, 2024, a decline of nearly one quarter of MongoDB's market value (24%) in just one day. As shown above, the decline in the price of MongoDB common stock at the end of the Class Period was the direct result of the nature and extent of Defendants' prior false statements and material omissions being revealed to the market. The timing and magnitude of the price decline in MongoDB's common stock negates any inference that the losses suffered by Plaintiffs and the Class were caused by changed market conditions, macroeconomic or industry factors, or Company-specific facts unrelated to Defendants' fraud. The economic loss Plaintiffs and other members of the Class suffered was caused by Defendants' fraudulent scheme to artificially inflate the prices of MongoDB securities and maintain that price at artificially inflated levels, as was revealed by the subsequent and significant declines in the value of MongoDB securities when Defendants' earlier misrepresentations and omissions became publicly available.

IX. PRESUMPTION OF RELIANCE

170. As noted above, the market for MongoDB shares was open, well-developed, and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, MongoDB's shares traded at artificially inflated prices during the Class Period. Plaintiffs and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of MongoDB shares and market information relating to MongoDB and have been damaged thereby.

171. During the Class Period, the artificial inflation of MongoDB's shares was caused by the material misrepresentations and/or omissions particularized herein causing the damages

sustained by Plaintiffs and other members of the Class. As described herein, during the Class Period, Defendants made, or caused to be made, a series of materially false and/or misleading statements and omissions about business, operations, and growth expectations. These material misstatements and/or omissions created an unrealistically positive assessment of MongoDB financials and its business, operations and prospects, thus causing the price of MongoDB shares to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the MongoDB shares. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiffs and other members of the Class purchasing MongoDB shares at such artificially inflated prices, and each of them has been damaged as a result.

172. Plaintiffs will rely upon the presumption of reliance established by the fraud-on-the-market doctrine as:

(a) Defendants made false and misleading statements or failed to disclose material facts during the Class Period;

(b) These false and misleading statements and omissions were material to Plaintiffs and the Class;

(c) MongoDB's shares were traded on the NASDAQ and were covered by numerous analysts;

(d) MongoDB's shares were liquid and traded with significant volume during the Class Period;

(e) The false and misleading statements and omissions alleged herein would likely induce a reasonable investor to misjudge the value of the MongoDB shares; and

(f) Plaintiffs and Class members purchased and/or sold MongoDB securities between the time MongoDB and the Individual Defendants misrepresented or failed to disclose

material facts and the time the true facts were disclosed, without knowledge of the misrepresented or omitted facts.

173. As a result of the foregoing, the market for MongoDB shares promptly digested current information regarding MongoDB from publicly available sources and reflected such information in MongoDB share price. Under these circumstances, all purchasers of MongoDB's securities during the Class Period suffered similar injury through their purchase of MongoDB shares at artificially inflated prices. Thus, a presumption of reliance applies.

174. Accordingly, Plaintiffs and Class members are entitled to a presumption of reliance upon the integrity of the market.

175. In the alternative, Plaintiffs and Class members are entitled to a presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens v. United States*, 406 U.S. 128 (1972), because Defendants omitted material information during the Class Period, violating a duty to disclose such information as described above. Because this action involves Defendants' failure to disclose material adverse information regarding MongoDB's business operations and compliance risks – information that Defendants were obligated to disclose – positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered them important in making investment decisions. Given the importance of the Class Period material misstatements and omissions set forth above, that requirement is satisfied here.

X. NO SAFE HARBOR

176. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to the allegedly false statements and omissions pled herein. The statements alleged to be false and misleading herein all relate to then-existing facts and circumstances. To the extent certain of the statements alleged to be false and misleading may be

characterized as forward-looking, they were not adequately identified as "forward-looking" statements when made, and were not accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor is intended to apply to any forward-looking statements pled herein, MongoDB and the Individual Defendants are liable for those false and misleading forward-looking statements because at the time each of those forward-looking statements was made, the particular speaker knew that the particular forward-looking statement was false and misleading, and/or the forward-looking statement was authorized and/or approved by an executive officer of MongoDB who knew that those statements were false and misleading when made.

XI. CLASS ACTION ALLEGATIONS

177. Plaintiffs bring this action pursuant to Rules 23(a) and (b) of the Federal Rules of Civil Procedure, on their own behalf and as representatives of a Class, consisting of all those who purchased or otherwise acquired MongoDB securities during the Class Period ("Class"); and were damaged upon the revelation of the alleged corrective disclosures. Excluded from the Class are: Defendants, the current and Class Period officers, and directors of the Company, the members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

178. The Class is so numerous and geographically dispersed that joinder of all members is impracticable. Throughout the Class Period, MongoDB shares were actively traded on the NASDAQ. While the exact number of Class members is unknown to Plaintiffs at this time and can be ascertained only through appropriate discovery, Plaintiffs believe that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be readily identifiable from information and records in the possession of Defendants or the

Company's transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

179. Plaintiffs' claims are typical of the claims of the other members of the Class. Plaintiffs and members of the Class sustained damages from the same wrongful conduct of Defendants. The injuries and damages of each member of the Class were directly caused by Defendants' wrongful conduct in violation of the laws described herein.

180. The Plaintiffs will fairly and adequately protect and represent the interests of members of the Class. Plaintiffs are adequate representatives of the Class and have no interest which is adverse to the interests of absent Class members. Plaintiffs have retained counsel competent and experienced in class action litigation, including class actions in the financial services industry.

181. Common questions of law and fact exist as to all members of the Class, which predominate over questions affecting solely individual members of the Class. These common questions of law include, without limitation:

(a) whether statements made by MongoDB and the Individual Defendants to investors during the Class Period included misrepresentations of material facts or omitted material information about, *inter alia*, the quality and growth characteristics of FY 2024 workloads acquired following go-to-market changes designed to reduce "friction" in the process of acquiring new workloads;

(b) whether MongoDB and the Individual Defendants acted knowingly or recklessly in issuing false and misleading statements or omitting material information that would correct the misstatements;

(c) whether MongoDB and the Individual Defendants' acts as alleged herein constituted violations of the federal securities laws;

(d) whether the prices of MongoDB shares during the Class Period were impacted by MongoDB and the Individual Defendants' conduct described herein;

(e) injury suffered by Plaintiffs and Class members; and

(f) the appropriate measure of damages suffered by Plaintiffs and Class members.

182. A class action is superior to other methods for the fair and efficient adjudication of the controversy because joinder of all Class members is impracticable. Treatment as a class will permit a large number of similarly situated persons to prosecute their common claims in a single forum simultaneously, efficiently, and without the duplication of effort and expense that numerous individual actions would engender.

183. Class treatment will also permit the adjudication of claims by many Class members who could not afford individually to litigate claims such as those asserted in this Complaint. The cost to the court system of adjudication of such individualized litigation would be substantial. The prosecution of separate actions by individual members of the Class would create a risk of inconsistent or varying adjudications establishing incompatible standards of conduct for MongoDB and the Individual Defendants.

184. Plaintiffs are unaware of any difficulties that are likely to be encountered in the management of this action that would preclude its maintenance as a class action.

XII. CLAIMS

COUNT I

For Violation of §10(b) of the Exchange Act and SEC Rule 10b-5 Against MongoDB and the Individual Defendants

185. Plaintiffs hereby incorporate each preceding and succeeding paragraph as though fully set forth herein.

186. Defendants are liable for making false statements and failing to disclose adverse facts known to them about MongoDB. Defendants' fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of MongoDB securities was a success, as it: (i) deceived the investing public regarding MongoDB's business, operations and prospects; (ii) artificially inflated the price of MongoDB securities; and (iii) caused Plaintiffs and other members of the Class to purchase MongoDB securities at inflated prices.

187. During the Class Period, MongoDB and the Individual Defendants, individually and in concert, directly or indirectly, disseminated or approved false statements which they knew or deliberately disregarded in that they contained misrepresentations and failed to disclose material facts to make the statements made not misleading.

188. MongoDB and the Individual Defendants violated §10(b) of the Exchange Act and Rule 10b-5 in that they:

(a) employed devices, schemes and artifices to defraud;

(b) made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or

(c) engaged in acts, practices and a course of business that operated as a fraud or deceit upon Plaintiffs and others similarly situated in connection with their purchases of MongoDB securities during the Class Period.

189. MongoDB and the Individual Defendants acted with scienter because they knew that the statements issued in the name of MongoDB were materially false and misleading; knew that these statements would be disseminated to investors; and knowingly and substantially participated, or acquiesced in the issuance or dissemination of these statements as primary violations of securities

laws. MongoDB and the Individual Defendants, through receipt of information reflecting true facts about MongoDB, their control over, and/or receipt of or modification to MongoDB's allegedly materially misleading statements, which made them aware of MongoDB's confidential proprietary information, participated in the fraudulent scheme complained of herein.

190. The Individual Defendants had actual knowledge of material omissions and/or the falseness of material statements set forth by MongoDB, and intended to deceive Plaintiffs and Class members, or at a minimum, recklessly disregarded the truth through their failure to ascertain and disclose the truth in statements made by them or other MongoDB employees to investors, including Plaintiffs and Class members. These misrepresentations and omissions were material. A reasonable investor would consider the facts – including that FY 2024 workloads were growing more slowly than expected, and would therefore negatively impact the Company's growth prospects and guidance – important in deciding whether to buy shares of MongoDB stock and would have viewed the aggregate of information available to be significantly altered by the disclosure of this and other material facts.

191. Accordingly, the price of MongoDB shares was artificially inflated during the Class Period. Due to their lack of knowledge of the false nature of statements made by MongoDB and the Individual Defendants, Plaintiffs and Class members relied on the statements made by MongoDB and the Individual Defendants and/or the integrity of the market price of MongoDB shares during the Class Period in purchasing MongoDB securities at prices that were artificially inflated due to false and misleading statements made by MongoDB and the Individual Defendants.

192. Were Plaintiffs and Class members made aware that the market price of MongoDB shares was artificially and falsely inflated by misleading statements made by MongoDB and the Individual Defendants, and by material adverse information that MongoDB and the Individual

Defendants failed to disclose, they would not have purchased MongoDB securities at artificially inflated prices, or purchased them at any price.

193. Based on the wrongful conducts alleged herein, Plaintiffs and Class members have suffered damages in an amount to be determined at trial.

194. MongoDB and the Individual Defendants violated §10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder and are liable to Plaintiffs and Class members for significant damages suffered via their purchases of MongoDB shares during the Class Period.

COUNT II

For Violation of §20(a) of the Exchange Act Against the Individual Defendants

195. Plaintiffs hereby incorporate each preceding and succeeding paragraph as though fully set forth herein.

196. During the Class Period, the Individual Defendants were involved in the management and operation of MongoDB. Due to their senior positions, they had knowledge of adverse non-public information regarding MongoDB's false representations discussed herein.

197. As officers of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information regarding MongoDB's financial condition and results of operations, and to correct any public statements issued by MongoDB which were materially false or misleading.

198. Due to their positions of authority at MongoDB, the Individual Defendants controlled the contents of various public filings, press releases and reports which MongoDB disseminated in the market during the Class Period. During the Class Period, the Individual Defendants utilized their authority to cause MongoDB to execute the wrongful acts alleged herein. The Individual Defendants were therefore "controlling persons" at MongoDB pursuant to §20(a) of the Exchange Act. On this

basis, they were participants in the unlawful conduct alleged which caused the prices of MongoDB shares to be artificially inflated.

199. Based on the conduct described above, the Individual Defendants are liable for the violations committed by MongoDB pursuant to §20(a) of the Exchange Act.

XIII. PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for judgment as follows:

A. Certifying this lawsuit as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure, certifying Plaintiffs as Class Representatives;

B. Awarding damages in favor of Plaintiffs and members of the Class against MongoDB and the Individual Defendants, jointly and severally, for all damages sustained as a result of MongoDB's wrongdoing, in an amount to be proven at trial;

C. Awarding Plaintiffs and members of the Class their costs of suit, including reasonable attorneys' fees and expenses, and including expert fees, as provided by law;

D. Awarding Plaintiffs and members of the Class pre- and post-judgment interest at the maximum rate allowable by law; and

E. Directing such further relief as it may deem just and proper.

XIV. DEMAND FOR JURY TRIAL

Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, Plaintiffs demand a jury trial as to all issues triable by a jury.

DATED: January 27, 2025

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